



**State of Minnesota  
Consolidated Annual Performance  
and Evaluation Report  
for Federal Fiscal Year 2004**

**December 31, 2004**

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**State of Minnesota  
Consolidated Annual Performance and  
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***Introduction***

The Consolidated Annual Performance and Evaluation Report (CAPER) is one of the reports submitted to the U. S. Department of Housing and Urban Development (HUD) for review, annually. The consolidated plan presents the state's strategy for using federal funds to meet identified housing and community development needs and serves as a condition for funding of the Community Development Block Grant (CDBG), HOME, Housing Opportunities for Persons with AIDS (HOPWA), and Emergency Shelter Grant (ESG) programs. The performance report provides a summary of state agency performance in meeting goals established in the consolidated plan. Finally, the analysis of impediments to fair housing discusses conditions that impede fair housing choice in the state. The state includes updates to the analysis of impediments in its annual CAPER (see attachments).

The Minnesota Department of Employment and Economic Development, the Minnesota Department of Human Services, and the Minnesota Housing Finance Agency, which receive federal housing assistance or community development funds, contribute to this report and submit it on behalf of the state.

The CAPER summarizes assistance provided in the 2004 federal fiscal year (October 1, 2003 — September 30, 2004). The report contains a discussion of the resources available to the state in FFY 2003 and the way in which state agencies used those resources; the number and types of households assisted; and how other public policies affected affordable and supportive housing and community development. Information enables a comparison between anticipated and actual assistance activities, as well as progress toward meeting priorities identified in the state's consolidated plan.

***Access to Data***

Federal assistance reported here generally is available to households in nonentitlement areas of the state; entitlement areas submit performance reports on housing and community development assistance in their own jurisdictions, separately. (Minnesota Urban and Rural Homesteading HOME funds are available statewide.)

The Summary of Consolidated Plan Projects report (IDIS C04PR06) lists CDBG, ESG, HOME, and HOPWA projects by program, location in the state, estimated cost, and funds drawn down. This lengthy report is available from the MHFA upon request. The Program Year 2004 Summary of Accomplishments (IDIS C04PR23) summarizes expenditures by program, by eligibility category, e.g., economic development, and by status (underway or completed). It also includes summary demographics for assistance recipients, e.g., number of households by HUD income category. IDIS reports may be obtained from the MHFA at: 400 Sibley, Suite 300, Saint Paul, MN 55101 or by calling 1-800-657-3769 (toll free) or 651-296-7608. Information also may be obtained by e-mailing the MHFA at [mhfa@state.mn.us](mailto:mhfa@state.mn.us)

Information regarding job creation can be obtained by contacting DEED at:  
Minnesota Department of Employment and Economic Development, Main Office  
332 Minnesota Street, Suite E-200, Saint Paul MN 55101 or 651-296-3711, 888-GET-JOBS  
(438-5627), Fax 651-296-0994, TTY/TDD 651-282-5909

Information and details concerning residential and rental rehab projects for 2004 can be found in DEED's Performance Evaluation Report (PER) and can be obtained by contacting DEED at: Minnesota Department of Employment and Economic Development.

General information on community development may be found on DEED's website at:  
<http://www.deed.state.mn.us/Community/>

Additional information regarding ESG projects or activities is available through DHS from this mailing address: Minnesota Department of Human Services, Office of Economic Opportunity, 444 Lafayette Road, Saint Paul, MN 55155 or (651) 296-6117 or <http://www.dhs.state.mn.us/cfs/oeo/esgp.htm>

Additional information regarding HOPWA and HOME selections is available through the MHFA at: 400 Sibley, Suite 300, Saint Paul, MN 55101 or from the MHFA website at <http://www.mhfa.state.mn.us/RFP.htm> or by e-mail at [mhfa@state.mn.us](mailto:mhfa@state.mn.us)

To the extent that IDIS data and additional information reported in some sections of the CAPER do not “match” there may be legitimate reasons. IDIS tracks commitments and disbursements to “projects,” which may be local administrators or assistance providers through which funds are made available to property owners or homebuyers. CAPER guidelines require that jurisdictions report on assistance to households only, e.g., occupants of completed developments and owners who are occupying purchased homes. Information in the CAPER may be different in nature and scope than information available through IDIS. The CAPER also requires jurisdictions to report based on specific activities and the goals or priorities they address, information which IDIS does not necessarily enable the state to do, e.g., the state currently has three different HOME-funded programs addressing different priorities, which are identified in IDIS simply as HOME-funded activities. As noted elsewhere, the way in which HUD requires ESG funds to be spent, e.g., by ESG program year, does not correspond to the federal fiscal year on which the state is to report information in the CAPER.

### ***Resources Available***

The table titled *Federal Funds to State Agencies* at the end of this report identifies specific resource amounts available by program, for federally funded housing and community development assistance.

Minnesota receives the largest amount of assistance from HUD for housing and community development under the Small Cities Development Program (SCDP), administered through the Department of Employment and Economic Development. These funds provide a variety of types of assistance for community development,

including property rehabilitation to homeowners and rental property owners, public infrastructure improvements, and economic development.

Eligible applicants for the SCDP funds are cities, counties and townships in areas of the state that do not qualify as entitlement entities and, therefore, are not eligible to receive an allocation of Community Development Block Grant funds directly from HUD. SCDP funds are distributed on a competitive basis and are used for public facilities, economic development, downtown commercial revitalization, residential housing rehabilitation (owner and renter occupied), new housing construction, homeownership assistance, and relief from flood or other natural disasters.

The Department of Human Services (DHS) administers federal funds from HUD under the Emergency Shelter Grant (ESG). ESG provides assistance to grantees throughout the state for the operating costs of shelters and transitional housing facilities, essential services, and homelessness prevention. Grantees are selected on a competitive basis.

In FFY 2004, DHS received Supportive Housing Program funds from HUD to assist households who experience homelessness. DHS also administers federal funds from Projects for Assistance in Transition from Homelessness (PATH), providing outreach, screening and treatment, referrals, housing assistance, support services, linkage with mental health services, and other types of assistance for homeless people with a serious and persistent mental illness.

HOME funds comprise Minnesota's second largest allocation of federal housing assistance, made available primarily to owners of rental property occupied by low- and moderate-income tenants. The Minnesota Housing Finance Agency (MHFA) provides the HOME funds it receives from HUD either directly or through local entities—community action agencies, local units of government, local housing authorities. HOME dollars currently are being used for rental rehabilitation assistance to property owners, assistance to nonprofits and local governments to acquire and rehabilitate housing for resale to first-time buyers, disaster relief, and CHDO operating expenses.

The MHFA also receives the state's allocation of HOPWA formula funds from HUD. The MHFA administers HOPWA funds in cooperation with the Minnesota HIV Housing Coalition.

The MHFA is the state's principle allocator of federal Housing Tax Credits (HTC) and sells mortgage revenue bonds, both of which are activities important to the provision of affordable housing and are authorized in the federal tax code.

The U.S. Department of Energy makes funds available for weatherization, energy assistance, and energy-related repair. The Department of Employment and Economic Development receives these funds and allocates them to community action agencies, counties, and Indian reservations on a formula basis for direct delivery at the local level. In accordance with HUD guidelines, this program activity (e.g., assistance with energy payments, energy-related repair) is not included in the assessment of the state's performance toward meeting goals for assisting households.

The Minnesota Department of Public Safety receives an allocation of federal funds, annually, to assist battered women under the Family Violence Prevention Services Act and the Victims of Crime Act. The Minnesota Legislature also appropriates funds to assist battered women and their children. A portion of these funds may be used to provide some operating assistance and other related assistance to emergency shelters for battered women and their children. Disbursements under these federally funded programs do not meet the HUD reporting guidelines that define assisted households, i.e., transitional or permanent housing for the homeless, therefore they are noted, but not included in the assessment of the state's performance toward meeting goals for federal housing assistance.

The Federal Emergency Management Agency administers funds for emergency food and shelter in Minnesota; however, since these funds do not flow through a state agency they are not included in this discussion.

In FFY 2004, the MHFA spent approximately \$73 million under the federal Section 8 Housing Assistance Payments Program to assist more than 12,000 households occupying units of MHFA-financed rental housing built under the New Construction component of the program. MHFA staff, under a contract with HUD, administered approximately \$68 million in federal Section 8 Housing Assistance Payments for more than 18,000 households occupying HUD or conventionally financed housing. The MHFA also provided more than \$1 million in assistance for MHFA-financed units financed under HUD's Section 236 program. Because none of this is new budget authority, these funds/households are not discussed in this report.

HUD finances rental housing development in Minnesota; however, this assistance is not disbursed to or through state agencies. The state includes data on units assisted and assistance amounts awarded by HUD in 2004 for general information, as requested by the local HUD office.

**HUD Assistance in Minnesota, FFY 2004**

<b>Program</b>	<b>Assistance amount (capital)</b>	<b>Five-year rent assistance</b>	<b>Units assisted</b>	<b>Location</b>
Section 202	\$2,298,000	\$428,000	26	Albany
Section 202	\$4,702,400	\$838,500	50	Bloomington
Section 202	\$3,765,800	\$667,500	40	Inver Grove Heights
Section 811	\$1,968,300	\$342,500	21	Duluth
Section 81	\$2,082,600	\$359,500	21	Minneapolis

*State Appropriations and Other State Resources*

In 2003, at the request of Governor Pawlenty, state agencies formed a work group that included representatives from: the MHFA, DHS, DOC, and DEED; local, county, and federal government; philanthropic organizations; and developers and business interests. The group met and developed a plan, published in 2004, to: 1) reduce the number of Minnesotans who experience long-term homelessness; 2) reduce the inappropriate use of

crisis services; and 3) improve employability and other outcomes for families and individuals experiencing long-term homelessness. This plan facilitates the coordination of supportive housing efforts between funders, providers of services, and housing developers to make better use of currently available funding streams. From 2004 to 2010, the state intends to devote an estimated \$540 million (including state appropriations and general obligation bonds) to providing housing with support services to an additional 4,000 households experiencing long-term homelessness.

For additional details or a copy of the plan, call the MHFA or check the MHFA's website at: <http://www.mhfa.state.mn.us/multifamily/LTH.htm>

The resources of state agencies provide the greatest dollar amount of assistance for affordable housing in Minnesota. The most abundant resource available to states for affordable housing assistance continues to be proceeds from the sale of revenue bonds. Appropriations from the Minnesota Legislature and state agency resources also support housing and community development programs. The MHFA uses its own resources, e.g., reserves, to provide additional leverage in projects that may not have access to traditional or adequate sources of funding for affordable housing or housing for people with special needs.

Private foundations and nonprofit organizations provide a significant contribution to housing assistance in Minnesota, e.g., the McKnight and Blandin Foundations fund the Greater Minnesota Housing Fund (GMHF), which provides opportunities for the development of affordable housing programs and projects outside the Minneapolis/Saint Paul metropolitan area. The MHFA and GMHF issue joint requests for proposals and coordinate the process of reviewing and selecting proposals for funding.

Section VI of **Minnesota's Consolidated Plan for Housing and Community Development, FFY 2002—2006** includes a list of major nonprofits in Minnesota that work to provide or promote affordable housing. These organizations do not report their assistance activity to the state unless they are acting as administrators of state-allocated funds; therefore, most nonprofit assistance cannot be discussed in this report.

### ***Meeting Goals: An Assessment***

The state has established two fundamental goals for housing and community development assistance: to meet basic housing needs and to strengthen communities. Populations with highest priority needs for housing assistance include: extremely low-income renters, extremely low-income homeowners, and low-income people with special needs, including people experiencing homelessness. Highest priority for community development assistance includes: the need for public facilities, infrastructure, and economic development (see **Minnesota's Consolidated Plan for Housing and Community Development, FFY 2002—2006**, Section VI).

The state's six strategies to meet basic housing needs and strengthen communities are to:

- 1) provide affordable rental housing
- 2) strengthen the Continuum of Care

- 3) enhance services for people with special needs
- 4) strengthen the housing stock
- 5) provide homeownership opportunities
- 6) support community development

The largest number of people that the state is able to assist with federal resources is through ESG, for people experiencing homelessness. Assistance to homeless people includes operating costs for transitional housing facilities as well as assistance to individuals or families; ESG funding is also used for homelessness prevention activities.

The largest amount of assistance that the state is able to provide with federal resources is through SCDP, particularly for the rehabilitation of owner occupied homes and the improvement of public facilities.

Based on one-year goals set in the 2004 Action Plan, and five-year goals set in section VI of **Minnesota's Consolidated Plan for Housing and Community Development, FFY 2002—2006**, the following tables compare projected and actual assistance activity, by strategy. In general, the state met or exceeded the amount of assistance to households projected for FFY 2004, with few exceptions.

The state's program year for ESG operations, e.g., state allocation of federal funds to local grantees, spans two federal fiscal years due to federal requirements on when and how ESG funds must be spent once the state receives them. DHS staff continues to work with local HUD staff to improve the ease and accuracy of annual reporting in the CAPER, which is based on the federal fiscal year of October 1 to September 30.

Under HOME programs, the difference between projections (which could include disbursements to local administrators as well as rehab funds disbursed for projects that may not have been completed during the year) and assisted households (which only includes completed occupied units) may rest, in large part, with methodology and the way in which HUD requires jurisdictions to report, e.g., rehabilitation of a property may have been completed at the end of 2004, but if the unit remains unoccupied until 2005, it cannot be reported in the CAPER as a household assisted until 2005.

Details of SCDP funding awards and accomplishments are identified in DEED's Performance Evaluation Report, which is available through that state agency. The ***Self-Evaluation*** section includes a discussion of funding awards in FFY 2004 under SCDP.

The following tables identify federally funded assistance programs under each strategy that the program implements; however, program goals and actual assistance amounts provided are presented only once, to avoid double counting. The first table shows data on goals and accomplishments in FFY 2004 and the second shows cumulative accomplishments toward meeting 2002-2006 goals.

For a more complete analysis see the ***Self-Evaluation*** section of this report.



**Comparison of Assistance Goals and Assistance Provided or SCDP Awarded 2004**

	Goals for 2004			Accomplishments for 2004		
Goals and strategies	Households to be assisted	Amount of assistance	Income level to assist	Households assisted	Amount of assistance	Incomes assisted
Provide affordable rental housing						
SCDP						
New rental	8 units	\$250,000	80% of median			<=80%
Rental rehab	69 units	\$987,800	80% of median			
HOME Rental Rehab	430 households	\$5,753,875	100% low income, 44%extremelyLI	224 households	\$3,165,222	100% low, 59% extremely LI
Strengthen Continuum of Care						
ESG	19,000 individuals 36 shelters or trans housing	\$1,150,000	Not applicable	18,864 individuals and 42 shelters	\$1,166,000	Must be extremely low income
Enhance services for special needs						
ESG	See Strengthen Continuum of Care					
HOPWA	60 households	\$109,000	Not applicable	142 households	\$119,273	100% low, 92% extr low income
Strengthen housing stock						
SCDP						
Owner occupied rehab	914 units	\$8,116,444	80% of median			100% low moderate income
Rental rehab	See Provide affordable rental housing					
HOME						
Rental rehab	See Provide affordable rental housing					
MN Urban & Rural Homesteading	50 units	\$3,130,000	100% low income 17% extremely LI	7 units	\$426,266	100% low income, 14% ELI
Deferred loans, flood relief	37 households	\$485,000	100% low income	20 households	\$213,322	100% low income
Provide homeownership opportunities						
SCDP						
Owner rehab	See Strengthen housing stock					
Homeowner assistance	Not applicable					
HOMEMURL	See Strengthen housing stock					
Support community development						
SCDP						
Public facilities improvements	15 sewer/wtr systems, 15 communities	\$4,368,580	Not applicable			Not applicable
Commercial property rehab	146 buildings, 9 communities	\$2,819,666	Not applicable			Not applicable
Economic, workforce dev	217 jobs retained/created	\$2,350,000	Not applicable			Not applicable

**Comparison of Assistance Goals and Cumulative Assistance Provided, 2002-2006**

	Goals for 2002-2006		Actual, 2002-2004	
Goals and strategies	Households to be assisted	Amount of assistance	Households assisted	Amount of assistance
Provide affordable rental housing				
SCDP				
New rental	50 units	\$1,500,000		
Rental rehab	750 units	\$1,500,000		
HOME Rental Rehab	2,500 households	\$29,000,000	1,002	\$12,846,975
Strengthen Continuum of Care				
ESG	95,000 individuals 200 shelters	\$5,750,000	53,142	\$3,128,485
Enhance services for special needs				
ESG	See Strengthen Continuum of Care			
HOPWA	300 households	\$500,000	228	\$223,859
Strengthen housing stock				
SCDP				
Owner occupied rehab	2,500 homes	\$50,000,000		
Rental rehab	See Provide affordable rental housing			
HOME				
Rental rehab	See Provide affordable rental housing			
...MN Urban & Rural Homesteading (MURL)	250 units	\$16,000,000	22	\$1,428,573
Rehab Disaster Loans	No five-year projections			
Provide homeownership opportunities				
SCDP				
Owner rehab	See Strengthen housing stock			
Homeowner assistance	50 families	\$1,250,000		
HOME MURL	See Strengthen housing stock			
Support community development				
SCDP				
Public facilities improvements	100 systems	\$30,000,000		
Commercial property rehab	500 buildings	\$15,000,000		
Economic and workforce development	5,000 jobs	\$20,000,000		

### ***Affirmatively Furthering Fair Housing***

The state prepares an *Analysis of Impediments to Fair Housing Choice*, which identifies commonly recognized impediments to fair housing and action steps that the state has taken to address them. A summary of the *Analysis of Impediments to Fair Housing Choice* is included in attachments to the CAPER; the full report is available through the MHFA or on the agency's website at: [http://www.mhfa.state.mn.us/about/about\\_reports.htm](http://www.mhfa.state.mn.us/about/about_reports.htm)

Data on the racial/ethnic background of beneficiaries in FFY 2004 under SCDP are available in reports from DEED. DEED requires all grantees to develop a fair housing plan that affirmatively furthers fair housing. Community development funds for housing assistance are not released until grantees submit a plan that is approved by the department.

SCDP grantees must consider equal employment opportunity and affirmative action throughout the life of their grants in all activities and grant administration. At the annual Implementation Workshop held for new grantees, equal employment opportunity requirements are discussed and a handbook is distributed which details the statutory requirements and the actions which need to be taken or suggested be taken. Grantees are required to include equal opportunity language in all contracts; engineers and architects include equal opportunity materials (including EO 12846, Section 3 Clause, Uniform Administrative Requirements, and a list of applicable laws) in all bidding and contract documents. Equal employment opportunity actions and requirements are discussed at pre-construction conferences and other forums as appropriate or as the opportunity arises. Grantees report to DEED, annually, on the number and amount of contracts that were awarded to women- or minority-owned businesses (WMBE) and Section 3 businesses.

Of the households assisted through the MHFA under all HOME-funded programs in FFY 2004, more than 7% were headed by a householder of color, i.e., a race identified as other than white, or white and of Hispanic ethnicity. See the HOME narrative for more detailed descriptions of the state's actions to affirmatively further fair housing under this program.

### ***Affordable Housing***

HUD does not consistently require jurisdictions, in each of the various CPD programs, to collect or report the data necessary to determine housing affordability under all programs. Agencies have cooperated to the extent possible in providing information.

Data on the affordability of housing funded through SCDP is not available according to Section 215 guidelines.

DHS does not have as a goal of the ESG program to provide affordable housing as defined by Section 215. No ESG money is spent on any permanent housing activity.

Data on incomes of households assisted indicate that federally funded programs have been successful in serving people with extremely low incomes. Data on incomes of all households assisted under SCDP activities indicate that nearly all households had incomes in the low - to moderate - income group, defined under this program as up to 80% of median income.

In accordance with MHFA guidelines, all housing funded through HOME programs meets affordability guidelines. Nearly all tenants and owners had gross incomes at or below 80% of area median.

**Households Assisted in FFY 2004  
with HOME Funds**

<b>Program</b>	<b>Households by income group</b>			
	<b>0% - 30%</b>	<b>31% - 50%</b>	<b>51% - 80%</b>	<b>81% - 85%</b>
MURL	14%	43%	29%	14%
Flood	30%	40%	30%	0%
RR	59%	30%	11%	0%

All households served by the ESG program are extremely low-income persons. DHS does not collect income information on ESG recipients, but one of the criterion for qualifying under the definition of being homeless is that a person does not have the resources to afford housing (often even for a night - otherwise they are asked to spend their money on a motel).

The table **Comparison of Assistance Goals and Actual Assistance Provided, 2004** in the previous section titled *Meeting Goals: An Assessment* shows income groups assisted in CDBG, HOME, and HOPWA programs.

#### ***Continuum of Care***

The MHFA and DHS have provided funds for regional development of Continuum of Care (CoC) Plans with matching grants from the Bush Foundation. Currently, thirteen CoC regions exist in Minnesota. Committees have developed plans that identify and describe: regional homelessness, assistance needs of people experiencing homelessness or people at risk of becoming homeless, gaps in regional service delivery for the homeless, and a plan for addressing those gaps. These plans are available on Internet at: <http://www.mhponline.org/Sidebar/continuumofcare2.htm> or through one of these local contacts:

## Continuum of Care Contacts December 2004

<p><b>ANOKA COUNTY</b>  Barb Wold, Housing Coordinator  Anoka County Community Development  2100 3rd Ave.  Anoka, MN 55303-2265  Phone: 763-422-7392  <a href="mailto:barb.wold@co.anoka.mn.us">barb.wold@co.anoka.mn.us</a></p>	<p><b>HENNEPIN COUNTY</b>  Mark Hendrickson, Coordinator  Hennepin County Housing Development  417 North Fifth Street, Suite 320  Minneapolis, MN 55401-1362  Phone: 612-348-2199  <a href="mailto:mark.hendrickson@co.hennepin.mn.us">mark.hendrickson@co.hennepin.mn.us</a></p>
<p><b>CENTRAL MINNESOTA</b>  Brenda Engelking, Coordinator   Central MN Housing Partnership (CMHP)  810 W St. Germain St. #303  St. Cloud, MN 56301  Phone: 320-259-0393 Fax: 320-259-9590  <a href="mailto:brenda@cmhp.net">brenda@cmhp.net</a></p> <p>Kathy Burski, Chair  Lakes and Pines CAC  1700 Maple Avenue East  Mora, MN 55051  Phone: 320-679-1800 ext. 162  <a href="mailto:kathyb@lakesandpines.org">kathyb@lakesandpines.org</a></p>	<p><b>NORTHEAST MINNESOTA</b>  Patty Beech, Coordinator  Arrowhead Regional Development Commission (ARDC)  221 W. 1st Street  Duluth, MN 55802  Phone: 218-529-7538 Fax: 218-529-7592  <a href="mailto:pbeech@ardc.org">pbeech@ardc.org</a></p> <p>Lorrie Janatopoulos, Chair  Arrowhead Economic Opportunity Agency (AEOA)  702 3rd Ave. S.  Virginia, MN 55792-2797  Phone: 218-749-2912 x259  <a href="mailto:ljanatop@aeoa.org">ljanatop@aeoa.org</a></p>
<p><b>DAKOTA COUNTY</b>  Jane Lawrenz, CoC Contact  Dakota County Social Services  1 Mendota Rd W. #500  West St. Paul, MN 55118  Phone: 651-554-5808  <a href="mailto:jane.lawrenz@co.dakota.mn.us">jane.lawrenz@co.dakota.mn.us</a></p> <p>Maribeth Lundeen  Dakota County Social Services  1 Mendota Rd W. #300  West St. Paul, MN 55118  Phone: 651-554-6345  <a href="mailto:maribeth.lundeen@co.dakota.mn.us">maribeth.lundeen@co.dakota.mn.us</a></p>	<p><b>NORTHWEST MINNESOTA</b>  John Pogleasa, Coordinator  Beltrami Area Service Collaborative  616 America Ave. NW Suite 150  Bemidji, MN 56601-3852  Phone: 218-333-8190 Fax: 218-333-8193  <a href="mailto:john@beltrami.org">john@beltrami.org</a></p> <p>Anne McGill, Chair  Bi-County Community Action (Bi-CAP)  2715 15th Street  PO Box 579  Bemidji, MN 56601-0579  Phone: 218-751-4631 ext. 104  <a href="mailto:amcgill@paulbunyan.net">amcgill@paulbunyan.net</a></p>

## Continuum of Care Contacts

### December 2004

<b>RAMSEY COUNTY</b> Jim Anderson, Coordinator Ramsey County Human Services 160 E. Kellogg Blvd., #9500 St. Paul, MN 55101 Phone: 651-266-4116 <a href="mailto:jim.anderson@co.ramsey.mn.us">jim.anderson@co.ramsey.mn.us</a>	<b>WASHINGTON COUNTY</b> Tina O'Malley Bayonet, Housing Coordinator Washington County Community Services PO Box 30 14949 62nd St. N Stillwater, MN 55082 Phone: 651-430-6529 <a href="mailto:Tina.Bayonet@co.washington.mn.us">Tina.Bayonet@co.washington.mn.us</a>
<b>SCOTT AND CARVER COUNTIES</b> Judson Kenyon, Coordinator Scott - Carver - Dakota CAP Agency 712 Canterbury Road Shakopee, MN 55379 Phone: 952-322-3513 <a href="mailto:jkenyon@capagency.org">jkenyon@capagency.org</a>  Lisa Akinseye 2496 145th Street West Rosemount, MN 55068 Phone: 651-322-3518 <a href="mailto:lakinseye@capagency.org">lakinseye@capagency.org</a>	<b>WEST CENTRAL MINNESOTA</b> Steve Nagle, Coordinator West Central MN Communities Action, Inc. 411 Industrial Boulevard Elbow Lake, MN 56531 Phone: 218-685-4486 Fax: 218-685-6742 <a href="mailto:steve.nagle@co.grant.mn.us">steve.nagle@co.grant.mn.us</a>  Dale Rollie, Chair Lakes and Prairies Community Action Partnership, Inc. 715 11th St. N., Suite 402 Moorhead, MN 56560 Phone: 218-299-7845, Fax: 218-299-7547 <a href="mailto:daler@lakesandprairies.net">daler@lakesandprairies.net</a>
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ESG funding is used to strengthen the Continuum of Care systems through provision of direct services to homeless persons. ESG funds were provided to grantee agencies in every CoC region, all of which have as a priority preventing homelessness, and providing shelter and supportive services for homeless individuals and families. ESG funds were provided to shelters in all CoC regions to pay for the operating and service costs of these programs and were provided for prevention activities in areas not receiving Family Homeless Prevention and Assistance Program funds.

During state Program Year 2004, for a period of time prior to HUD determining that ESG funds were not eligible to be used for such a purpose, ESG funds were used to provide technical assistance to CoC committees. This activity assisted in accomplishing Strategy Two of the state's Action Plan - Strengthening the Continuum of Care. After the HUD determination, the state continued to provide technical assistance to Continuum of Care committees using non-ESG resources, although at a reduced level.

Both MHFA and DHS use CoC Plans in the process of reviewing and selecting proposals for funding under ESG and transitional housing programs. DHS offers each CoC committee the opportunity to provide comments and recommendations on each ESG application submitted from their region. This allows CoC committees to have input into how ESG funds are spent in their community, ensuring that funds are directed toward meeting gaps in their CoC systems.

Minnesota's Homeless Management Information System (HMIS) is an Internet-based system that will provide standardized and timely information, useful primarily to housing and service providers, to improve access to housing and services and strengthen efforts to end homelessness. Following lengthy discussions on project goals, objectives, vision, and implementation, local planners and advocates have developed a version of the system that should help people to better access housing without jeopardizing the privacy of those experiencing homelessness. In 2004, selected CoC regions continued testing of Minnesota's version of HMIS. Statewide implementation of HMIS is expected to be complete in 2005.

### ***Other Actions Undertaken***

#### ***Obstacles to Meeting Underserved Needs***

Minnesota state agencies use the Consolidated Planning process as one way in which to maintain awareness of local assistance needs. DEED takes the lead in conducting hearings and forums on the Con Plan, annually, in various areas around the state. In preparation for the 2005 Con Plan, the state will hold two public hearings in October and November of 2004 to elicit input from citizens, advocates, and assistance providers.

One of the obstacles state agencies face as they try to meet the need for housing and community development assistance is the difficulty of quantifying or measuring the need for assistance on a statewide level. One of the best sources of objective information for use in assessing need is the Census Bureau, which publishes detailed data for states only once every 10 years; Census data published more frequently are by area, e.g., metropolitan area or region of the U.S.

The ability to meet anticipated needs is subject to a variety of factors that are not necessarily within the control of the state, such as the capacity of communities and local partners to participate in programs, the availability of feasible development proposals for funding, and the availability of other public and private resources for housing and community development.

#### *Fostering Affordable Housing through Tax Credits*

Housing Tax Credits have been an important tool in the development and preservation of affordable housing in Minnesota, having generated more than 22,000 affordable units since 1987. The MHFA has allocated credits for about 76% of the HTC housing units available in the state today; suballocators, including Duluth, Minneapolis, Rochester, Saint Cloud, Saint Paul, and Dakota and Washington counties have allocated the remainder, within their jurisdictions.

The MHFA has developed an overall tax credit allocation plan based on an assessment of local housing needs, which currently gives preference to developments serving families, underserved populations, lowest-income tenants, and owners obligating to serve qualified tenants for the longest period of time. As new resources and needs are identified, the MHFA may add selection priorities, e.g., developments which best leverage tax credits with other local, employer, or conventional financing or developments including project-based rental assistance.

Minnesota law provides for two selection rounds for the allocation of tax credits, limiting selections in the first round to proposals that meet certain regional threshold criteria. Eligible Metropolitan proposals include: large family, single room occupancy and substantial rehabilitation proposals in neighborhoods targeted by a city for revitalization. Eligible Greater Minnesota proposals include: proposals with financing from the Rural Housing Service (RHS) and projects that meet identified local needs. Statewide, eligible proposals include: projects serving persons with special needs or disabilities and proposals that will preserve existing subsidized housing at risk of loss due to conversion to market rate housing or to physical deterioration. In the first funding round, the threshold requirements apply to the MHFA and local tax credit authorities (sub-allocators). The distribution of tax credits between the MHFA and the sub-allocators is determined by formula set in Minnesota Statute. All credits that are not used in the first round are returned to the MHFA for allocation in the second round based upon identified selection priorities to ensure that tax credits are allocated to the highest priority proposals.

Twice a year the MHFA requests funding proposals from housing sponsors, under a consolidated application process. The MHFA combines tax credits with below-market interest rate mortgages (using agency reserves) and deferred loans (using state appropriations and contributions from funding partners) to make tax credit developments more affordable to lower income households.

The State of Minnesota and its sub-allocators reserved a total of \$9,960,978 in tax credits for 1,123 affordable rental units in FFY 2004. The MHFA (not including sub-allocators) reserved tax credits for 540 units of rental housing through the Housing Tax Credit Program in FFY 2004, in the annual credit amount of \$5,438,868. Many of these tax credit units will be in developments financed at below-market interest rates with assistance



from the RHS, the MHFA, or HUD, which enhances the affordability of the rental units produced. In addition, developers requested \$1,573,516 for 562 units in tax-exempt bond financed developments (outside the regular state allocation).

#### *Legislative Support for Affordable Housing and Community Development*

In 2003, the Minnesota Legislature appropriated \$70,270,000 to the MHFA for housing assistance in 2004/2005 biennium, including: \$19.2 million for the Challenge Fund, \$18.5 million to preserve the affordability of assisted housing, \$8.6 million for the Housing Trust Fund, and \$7.9 million for rehabilitation loans to very low-income homeowners.

Research shows that a relatively small proportion of the homeless population, the long-term homeless, consumes a large proportion of emergency shelter and social service resources. In 2003, the governor and state legislature created the Working Group on Long-Term Homelessness to develop a plan for ending long-term homelessness in Minnesota by 2010. The plan, published in March of 2004, calls for the collaboration of governmental entities; private sector developers and businesses; and nonprofits, charitable groups and faith-based organizations to provide 4,000 units of supportive housing with services by 2010 for people experiencing long-term homelessness. The governor proposed a record \$20 million from the state's 2004 capital bonding authority to be used for the development of permanent supportive housing; however, the legislature did not enact a bonding bill during the 2004 session. (The MHFA has allocated \$10 million of its own resources for this initiative for the 2004/2005 biennium.)

The legislature appropriated \$500,000 to DHS per year from 2003 through 2007 for the Managed Care Pilot, which works to provide stable housing and coordinate supportive services assistance for people experiencing homelessness. As of the beginning of FFY 2004, the pilot was serving approximately 50 households. The legislature also appropriated funds for the Transitional Housing Program for which DHS received \$2,988,000 per year for projects that include congregate facilities or scattered-site transitional housing. Funds may be used for the operating, administrative, and supportive service costs of providing transitional housing.

In 2004, the legislature enacted a law that will regulate foreclosure consultants and foreclosure purchasers in order to prevent the practice known as "equity stripping." Legislators also made changes to the formula for municipal participation in the Livable Communities Program that encourages affordable and life-cycle housing development in the Metro region. Other changes made in 2004 that affect affordable housing include: enabling the MHFA to refinance debt on federally assisted housing to preserve its affordability, simplifying the conditions under which the MHFA is able to finance new construction in the metro area, increasing the MHFA's debt ceiling from \$2.4 billion to \$3 billion, and expanding the MHFA's authority to provide capacity building funds to nonprofit organizations or local units of government.

#### *Barriers to Affordable Housing*

Homeownership is an important means of accumulating wealth and strengthening families and communities; however, data show a significant gap in homeownership rates between households of color and nonHispanic Caucasians, both nationally and in Minnesota. A variety of different local efforts exist, such as the 50/30 Project and

community lending programs; however, there has been no broad, coordinated effort to address this situation. In June of 2004, Governor Pawlenty announced the creation of a statewide initiative to increase homeownership among households of color, the Emerging Markets Homeownership Initiative. This is a collaboration of representatives from approximately 50 public and private groups including financial institutions, the housing industry, communities of color, and government. Participants, convened by FNMA, the Federal Reserve Bank of Minneapolis, and the MHFA, are working to develop a business plan to increase homeownership rates among emerging markets, which they will present to the governor in the spring of 2005. Additional information is available through the MHFA or at this website:

<http://www.mhfa.state.mn.us/homes/EMHI.htm>

Recognizing that securing affordable rental housing can be difficult, especially for tenants with poor rental histories, the Rental Housing Pilot Program has provided structured education, culminating in certification, to “high-risk tenants” and incentives and protections to landlords willing to rent to program graduates. Dakota, Hennepin, and Ramsey counties, together with the greater Duluth area, participated in the pilot. In May of 2004, the MHFA Board authorized the contribution of additional MHFA resources to this effort. To date, the pilot has been funded with more than \$357,000 in appropriations from the state legislature and contributions from the Family Housing Fund, the Greater Minnesota Housing Fund, and the MHFA.

According to a study prepared by Legislative Auditor’s staff, developers, builders, and local housing organizations identify the cost of land, labor, and materials more frequently than any other factor as significant impediments to the production of new affordable housing. Clearly, these are barriers that the state is not able to control.

The state’s tax structure has been cited as a barrier to the development of affordable housing, a barrier that the legislature has attempted to diminish through revisions to property tax laws related to rental housing. In 2001 and 2002 the Minnesota Legislature attempted to address some of these barriers by enacting legislation that granted an exemption from sales tax for low-income housing construction materials, if the housing is owned by a housing authority or nonprofit. In 2004, legislators considered approaches to addressing the end of the 4(d) property class classification for affordable rental housing, but were unable to reach a consensus in order to pass legislation.

Local building codes, permit fees, and zoning requirements contribute to the cost of housing. While enacted for important public purposes, such regulation ultimately may result in housing that is unaffordable to many people. In 2003 the Construction Codes Advisory Council convened the Model Zoning Technical Advisory Group (MZTAG) to study the affects of regulation on the cost of developments and redevelopment. MZTAG was asked to recommend ways to reduce the cost of redevelopment in fully developed areas as well as the cost of new development. MZTAG participants included local planning officials, developers and builders, architect/design/engineering professionals, and representatives from the Metropolitan Council and the MHFA. The final report identifies action that local governments, with encouragement from the state, might take to reduce costs, e.g., reduce set-back and dimension requirements to allow for higher density developments, explore strategies to minimize the costliness of water quality and

wetland buffering requirements, reduce street widths. The report includes model ordinances for Traditional Neighborhood Development, a concept characterized by compact, mixed-used neighborhoods where residential, commercial, and civic buildings are in close proximity, and identifies some communities that have used Traditional Neighborhood Development successfully.

The capacity of local entities to participate in assistance programs can be a barrier to providing affordable housing. Local participation in the delivery of housing assistance is essential, with some programs relying on funding from the community, e.g., through SCDP, and others on the participation of local nonprofits, e.g., as administrators of HOME Rental Rehabilitation funds. State funds for an Organizational Support Program provide grants to local nonprofits to help them increase their capacity to deliver assistance by funding activities such as staff training. The MHFA funds a predevelopment Nonprofit Capacity Building Revolving Loan Program, using MHFA reserves, to cover a portion of the predevelopment costs typically incurred in developing an affordable housing project. Community Housing Development Organizations (CHDOs) working on HOME projects are eligible to apply for these predevelopment assistance programs.

#### *Institutional Structure*

SCDP is available only in nonentitlement jurisdictions within the state, e.g., areas that do not receive a direct allocation of federal funds. DEED does not make geographic set-asides; all eligible nonentitlement applicants compete equally for available funds. Applications for SCDP are evaluated and ranked based on physical and financial needs, projected impact, cost effectiveness, and demographic characteristics, e.g., number of persons at or below poverty level, estimated market value.

Economic Development Program applications are evaluated based on creation or retention of private sector jobs, levels of private investment, and the increase in local tax base. Performance Evaluation Reports completed by DEED staff identify the location of proposed and actual projects by municipality.

DHS determines geographic targets for funding by a formula that takes into account the number of people in poverty, the number of people paying more than 50% of their income for rent, and the number of households receiving public assistance. This targeting formula also includes a determination of the amount of DHS funding for programs to address homelessness received in the previous year. DHS has chosen to provide supplemental ESG funding in entitlement areas, since these areas do not receive ESG funding through the federal ESG formula in proportion to their need for services for people experiencing homelessness. DHS sends requests for proposals to all grantees participating in the program previously, county social service agencies, advocacy organizations, community action agencies, reservation governments, Salvation Army units, and all known homeless service providers.

The MHFA provides HOME Rental Rehabilitation Funds outside entitlement areas, such as Minneapolis, based on local housing needs and demand for assistance. The number and feasibility of proposals from property owners affects the geographic distribution of assistance provided under the program. The MHFA provides HOME funds for the

Minnesota Urban and Rural Homesteading Program throughout Minnesota, with a preference for Community Housing Development Organization (CHDOs).

The MHFA has made an extensive effort to identify and work with CHDOs in its HOME programs. The MHFA has certified more than 25 organizations as CHDOs in Minnesota. Staff continue to work with CHDOs and set-aside funds as appropriate. In 1995, the MHFA began accepting grant applications for the HOME-funded CHDO Operating Expense Payment Program funded by a set-aside of 5% of HOME funds. Under this program, the MHFA may provide grants to eligible certified CHDOs selected for specific HOME projects, to enhance the capacity and long-term viability of the CHDO.

Affordable housing assistance in Minnesota depends upon a large network of local lenders, housing authorities, community action agencies, nonprofit organizations, and local governments throughout the state. In FFY 2004, the state certified 56 affordable housing projects or programs submitted by 50 different agencies throughout Minnesota as being consistent with the state's Consolidated Plan.

#### *Coordinating Resources*

State agencies involved in providing housing assistance in Minnesota work together to set policies, plan actions, and coordinate resource delivery through a number of interagency groups.

In an effort to coordinate resources for affordable housing the MHFA, the Metropolitan Council, and the Family Housing Fund formed the Metropolitan Housing Implementation Group (MHIG) with the HUD area office, Minneapolis PHA, LISC, GMMHC, the Corporation for Supportive Housing, and the Minnesota office of FNMA as partners. MHIG investment guidelines are used in evaluating proposals for the development of affordable housing in the metropolitan area. MHIG agencies cooperate in advertising for, reviewing, and selecting development proposals for funding. MHIG cooperates with municipal governments to implement the provisions of the Metropolitan Livable Communities Act.

State agency staff from the MHFA and DEED discuss housing and community development needs with local agencies and individuals to assist them in updating/implementing strategies for supporting economic development and affordable housing in areas with significant job growth. MDH, DEED, and the MHFA cooperate in reviewing participants for funding under programs such as SCDP to ensure more effective integration of assistance delivery at the local level.

At Governor Pawlenty's request, the Minnesota Legislature established the JOBZ initiative in 2003, implemented through DEED. This initiative is intended to stimulate economic development in distressed areas, particularly in Greater Minnesota, by providing a number of local and state tax exemptions and an employment tax credit for high-paying jobs. Following discussions between DEED and MHFA staff concerning the potential increase in housing demand associated with the JOBZ initiative, in November of 2003 the MHFA Board adopted a temporary policy of giving funding priority, under its Economic Development and Housing Challenge Program, to feasible development proposals for housing located within identified JOBZ zones.

The Interagency Stabilization Group (ISG) has been working with local nonprofits and units of government since 1993. The ISG coordinates funds for the stabilization and preservation of qualifying assisted rental housing. ISG members include the MHFA, the Family Housing Fund, the McKnight Foundation, the Minneapolis Community Development Agency, the Saint Paul Planning and Economic Development Department, LISC, HUD, and the Federal Home Loan Bank.

The Greater Minnesota Interagency Preservation Work Group is a consortium of public and nonprofit agencies created to work together to cooperatively address the preservation of federally assisted rental housing in Minnesota outside of the Minneapolis-Saint Paul Metropolitan Area. The participants include the MHFA, HUD, USDA, DEED, the Federal Home Loan Bank of Des Moines, Duluth LISC, and the Greater Minnesota Housing Fund. By coordinating information about properties at risk of converting to market rate housing or at risk of loss due to physical deterioration, the participants are able to more strategically target their combined resources. (Preservation funding activity is reported in other sections of this report under the various preservation programs from which resources are used, such as first mortgages, tax credits, HOME Rental Rehabilitation, and the Preservation Affordable Rental Investment Fund.)

Programs available through the U.S. Department of Agriculture's Rural Housing Service (RHS) are an important source of assistance in Greater Minnesota. A variety of assistance is available, including: financing for the development of rental housing in rural areas, tenant-based rental assistance, and loans and grants to homeowners to rehabilitate their property. The MHFA and the RHS continue to cooperate to provide affordable housing in small towns and rural areas. MHFA and RHS staff work together on a case-by-case basis with developers applying for HOME Rental Rehabilitation funds. MHFA and RHS architects coordinate work on jointly funded projects by sharing information concerning inspections and draws. In order to meet certain match requirements, RHS proposals may obtain funding through applicable MHFA programs, e.g., Housing Trust Fund. RHS program assistance is not provided through state agencies; therefore, data are not included in this performance report, in accordance with HUD instructions.

DEED and the U.S. Department of Agriculture's Rural Utilities Services coordinate resources available for the financing of public infrastructure improvements. DEED funds are matched with USDA Rural Development to maintain affordability for communities and persons with low- and moderate- incomes.

Along with other key state agencies, the MHFA is a member of the State Mental Health Advisory Council. This body advises the Governor, Legislature and state organizations on priority issues affecting persons with a mental illness.

The MHFA chairs the Interagency Task Force on Homelessness, a group of state agencies that includes staff of: DHS, the Minnesota Department of Corrections, the Minnesota Department of Public Safety, DEED, the Minnesota Department of Veterans Affairs, MDH, and the Veterans Homes Board. The Interagency Task Force on

Homelessness coordinates the state's efforts to provide housing assistance and social services for homeless people and has facilitated the development and implementation of regional Continuum of Care plans. The MHFA also is a member of both the Saint Paul/Ramsey County and Hennepin County Funders Councils, whose missions are to end homelessness. Each Funders Council oversees five-year plans designed to produce housing for homeless and near homeless households. Other members are representatives from the Cities of Minneapolis and Saint Paul, Hennepin and Ramsey Counties, Metropolitan Council, United Way, Corporation for Supportive Housing, Family Housing Fund, Twin Cities LISC, Minneapolis and Saint Paul Public Housing Authorities, and HUD. The MHFA also participates in the Hennepin County Homeless Task Force.

DHS, DOC, MHFA, and DEED staff were members of a Working Group on Supportive Housing and Long-Term Homelessness established in 2003 at the request of Governor Pawlenty. The group's developed a state plan to: 1) reduce long-term homelessness; 2) reduce the inappropriate use of crisis services; and 3) improve outcomes for families and individuals experiencing long-term homelessness (see the *State Appropriations and Other State Resources* section of this report).

The Minnesota HIV Housing Coalition (formerly called the Coalition for Housing for Persons with HIV) was formed in 1993 to facilitate access to quality housing and appropriate support services for individuals and families living with HIV in Minnesota. The Coalition advises the City of Minneapolis and the MHFA on the expenditure of HOPWA funds. The MHFA and the City of Minneapolis collaborate in allocating HOPWA funds to projects throughout the state for which sponsors seek assistance through the Request for Proposal process. The MHFA continues to collaborate with DHS on outreach efforts to ensure that the state addresses the needs of the HIV/AIDS population outside the 13-county Minneapolis/Saint Paul area. DHS, which has a broad understanding of regional HIV/AIDS issues and programs, is the official administrator of federal Ryan White funding for Minnesota.

#### *Reducing Lead Based Paint Hazards*

A \$2.4 million grant from HUD, received in late September of 2003, will enable DEED and the Minnesota Department of Health to work together to accelerate the removal of lead paint hazards from Minnesota homes. The focus will be on reducing the number of young children who may be endangered, especially children with elevated levels of lead in their blood. The state will match this federal grant with an additional \$2.8 million, mostly from SCDP funds available through DEED, to pay the costs of activities including: lead risk assessments, lead hazard mitigation, community outreach, education and training.

As of September 30, 2004, DEED has committed a majority of the LHCG rehabilitation funds. Six projects are completed, 18 in construction, and approximately 55 additional projects are at some stage of the process. A portion of the Lead Hazard Control funds are being used by the Mn Department of Health to address the lead hazards in homes in which children have been identified as lead poisoned and orders have been issued for the property. Approximately, 10 properties identified by MDH are in the process of rehabilitation. The Sustainable Resources Center will be carrying out the education and

outreach component of the LHCG. Twenty events are planned over the next two and one-half years, estimated to reach 1,000 people. The first event is planned for November 2004 in central Minnesota. DEED, MDH and MHFA are working with the Minnesota Department of Commerce in providing training opportunities for construction contractors. A proposed hands-on lead safe work practices course is planned for December that would be held at the Wadena Technical College.

DEED has a lead hazard reduction policy that includes requirements for notification to residential owners, inspection of deteriorated paint, correction and removal, if applicable, in accordance with HUD/Minnesota Department of Health requirements. This policy is distributed to all new grantees at the Implementation Workshop and other sessions as well as through general or specific mailings. Grantees are required to provide all residential occupants of units to be rehabilitated with the publication "How to Protect Your Family from Lead in the Home." In addition, grantees are required to include in all residential rehabilitation contracts language which prohibits the use of lead paint and requires contractors to carry out rehabilitation in accordance with lead safe work practices where applicable with particular attention to residential units with pregnant women or children under six years of age. This policy reflects the HUD lead hazard reduction rules applicable to DEED grantees.

DEED's and MHFA's federally funded programs comply with the lead-based paint requirements of 24 CFR part 35. Lead hazard reduction is an eligible improvement in state-or MHFA-funded property improvement and rehabilitation loan programs.

When MHFA provides non-federal funds through its consolidated RFP which constitute a substantial portion of a rental project's funding or when the agency's funds are secured with a first mortgage, an analysis of lead-based paint is conducted as part of the environmental review, and hazards are mitigated.

The state has made substantial progress in improving the lead hazard reduction infrastructure in Minnesota. The number of firms certified to do lead hazard reduction has increased from 54 in 2001, to 94 in 2002. As of 2003, the state had certified 124 firms, and licensed 24 project designers, 170 risk assessors, 223 supervisors and workers. DEED and MHFA have supported this infrastructure development by: providing CDBG funds to support training of rehabilitation contractors and staffs of grantees, supporting the provision of refresher risk assessor training at the Spring NAHRO conference and supporting the proposal of Hennepin Technical College in incorporating lead courses in Building Trades programs in various colleges throughout the state.

DEED and MHFA were members of the Minnesota Childhood Lead Poisoning 2010 Elimination Plan Advisory Workgroup. The mission of the workgroup was to provide technical expertise and advisory support to the Minnesota Department of Health (MDH) through the development of a strategic plan to eliminate childhood lead poisoning by 2010. The workgroup completed its work in June 2004.

DEED and MHFA are also members of the Minnesota Collaborative Lead Education and Assessment Network (M-CLEAN), which is convened by the Minnesota Department of Health. Members are all state and local government and nonprofit organizations dealing with lead-based paint and public health. M-CLEAN provides a forum for sharing

information among its members, and for providing, on an informal basis, a sounding board for possible lead policies.

DEED and MHFA are participating in a legislatively mandated study to make recommendations to the legislature regarding how to promote and encourage primary prevention; how to ensure that all children at risk are tested for elevated blood lead levels; whether or not to reduce the state mandatory intervention from 20 to 10 micrograms of lead per deciliter of whole blood and if a reduction is not recommended whether to develop guidelines on intervention for children with blood levels between 10 and 20 micrograms of lead pr deciliter of whole blood; how to provide incentives and funding support to owners for lead hazard prevention and reduction; and ways to provide resources for local jurisdictions to conduct outreach. The MDH will submit its report to the legislature by January 15, 2005.

In addition to the above activities, the Environmental Health Division of the State of Minnesota's Department of Health oversees a comprehensive lead remediation program that includes testing, health care and environmental remediation. The program is largely funded by federal dollars (HUD and CDC), with additional funding provided by the state's general fund.

#### *Reducing Poverty*

The Minnesota Family Investment Program (MFIP) is the state's major welfare reform initiative. MFIP's three main goals to help people: leave and remain independent of welfare, obtain and keep jobs, and increase income/decrease poverty. Efforts to ensure that the state meets MFIP goals include: employment and job training services, health care assistance, and child care subsidies for MFIP families. In 2003, the Minnesota Legislature approved the governor's proposal for the next generation of welfare reform, which includes a diversionary work program that would help people to find employment before they reach the need for MFIP. Counties were to have implemented diversionary work programs by July of 2004. Data from the Minnesota Department of Humans Services showed that the average monthly MFIP case counts dropped 37% between 1994 and 2001 (most recent study). Of those families who left MFIP and were working, the average income was 153% of poverty level in 2001.

The Minnesota Legislature has appropriated funds for a variety of programs to assist MFIP recipients and others out of poverty. In 2000, the legislature appropriated \$30 million to the MHFA under the Bruce Vento Affordable Housing Program, to be used to produce rental housing affordable to MFIP recipients or people who may have lost their eligibility for MFIP due to increased employment income. The legislature also designated \$20 million of the Affordable Housing Program appropriation to be allocated to local Habitat for Humanity chapters, based on how many MFIP households reside in a chapter's service area.

By state law, all businesses assisted with DEED funds through the Minnesota Investment Fund must pay new hires a minimum wage of \$9.33 per hour. DEED policy requires a minimum wage of \$9.00 in Greater Minnesota and \$12.00 in the Metro area. Each year, programs funded through DEED create many new jobs in Minnesota. Additional information on job creation is available from DEED (see the ***Explanation of Data*** section for details).



### ***Leveraging Resources***

DEED leverages its SCDP housing rehabilitation funds with MHFA, lender, and property owner contributions. Each applicant jurisdiction is expected to provide as much local money as practicable, contingent upon the financial capability of the applicant. DEED and USDA Rural Development coordinate funds for correcting or improving public infrastructure especially for LMI communities. DEED staff estimate that SCDP projects historically have leveraged nonfederal funds in an amount at least equal to SCDP funds.

DHS reports that the Supportive Housing Program leveraged \$168,078 in FFY 2004, providing support services to 900 individuals in Greater Minnesota.

The MHFA has used Housing Tax Credits and HOME funds in conjunction with state or agency-funded assistance and other contributions. In FFY 2004, HOME provided 44% of the total funds used in HOME-funded programs (other than flood relief) with 66% provided by resources from other public or private entities and from property owners.

The MHFA also leverages federal funds and funds from outside the agency in its own assistance programs, including the Challenge Fund, the Housing Trust Fund, and the Low and Moderate Income Rental Program. In FFY 2004 the MHFA closed loans on rental housing developments that leveraged \$8,440,116 in annual Housing Tax Credits with \$23,376,936 in financing from the MHFA's Low - and Moderate - Income Rental Program; \$21,517,453 in other MHFA resources; and \$6,010,502 from the MHFA's funding partners.

Local contributions are essential to the provision of affordable housing and community development and have included donations of land or write-down of project costs, tax increment financing, and municipal financing. Under the MRB-financed Community Set-Aside, the MHFA gives priority during the selection process to those proposals that demonstrate local investment pursuant to a housing plan, local government participation that reduces costs, and the extent to which private investors, e.g., local employers, contribute. Under the state-appropriated Challenge Fund, legislation requires that at least 50% of Challenge funds must be utilized in projects that include a financial or in-kind contribution from an area employer, and a contribution from at least one of the following: local unit of government, private philanthropic organization, religious organization, or charitable organization.

Minnesota's private foundations, such as the McKnight Foundation, have contributed their resources to a variety of single family programs and multifamily projects. As noted earlier, the contributions of foundations and nonprofit organizations to affordable housing development, while significant, cannot be documented here.

### ***Matching Contributions***

ESG requires a one-to-one matching of funds. In FFY 2004, DHS used \$2,988,000 in Transitional Housing Program funds, and \$350,000 in Emergency Services Program funds to meet the Emergency Shelter Grant Program matching requirement.

In FFY 2004, DHS used \$460,000 of state funds with \$610,000 in federal PATH funds to assist homeless people who have mental illness. State funds in the amount of \$203,333 met the 3:1 match requirement for PATH.

Under the HOME program, each participating jurisdiction must contribute funds to affordable housing in an amount that is not less than 25% of HOME funds drawn from a jurisdiction's HOME Investment Treasury account during the reporting period. Minnesota met HUD's HOME match contribution requirement in FFY 2004 and expects to carry over qualifying excess match dollars to FFY 2005 (see the HOME Match Report in the attachments to the CAPER).

### ***Self-Evaluation***

Each one of the state agencies reporting in the CAPER historically has measured its performance in meeting established goals and objectives throughout the annual report. Outputs documented in the section titled ***Meeting Goals: An Assessment*** include a summary of the assistance provided in FY 2004 compared to goals established for FY 2004 in the last Annual Plan. Also included is a list of total assistance provided from 2002 to 2004, by program, compared to five-year goals established in the state's **Consolidated Plan for Housing and Community Development, FFY 2002—2006**.

The ***Affordable Housing*** section of this report includes a comparison of annual goals for FY 2004 and the actual outcomes of assistance to households, i.e., proportion of assisted households with extremely low-incomes in 2004. Other sections throughout the report include information such as the proportion of private or other nonfederal funds leveraged by CPD assistance, clearly a measure of the state's success in strengthening communities through the most effective use of public resources. IDIS reports include summary data on outcomes of federal assistance programs, e.g., assistance to households of color.

During 2004, the MHFA revised its strategic plan to focus on five main goals: ending long-term homelessness, increasing the homeownership rate for underserved ethnic groups, preserving the affordable housing stock, increasing housing choices for low and moderate income workers, and establishing the MHFA as a housing partner of choice. Currently in the process of implementing new loan processing systems, MHFA staff will develop different indicators to better measure the outcomes of MHFA housing assistance activities within the framework of the new strategic plan and the information available through the new systems. Following the completion of this process, the MHFA, DEED, and DHS staff will be able to discuss the possibilities for a broader performance measurement system as described in CPD Notice 03-09 (now expired).

In investing its resources during FY 2004, the state adhered to its five-year and annual plans, to the extent resources permitted. The ability to meet anticipated goals is subject to a variety of factors that are not necessarily within the control of the state, such as the availability of feasible development proposals and the participation of lenders, administrators, and other local partners.

The following is an analysis and self-evaluation of federally-funded assistance activity, including discussion of why the state may not have succeeded in meeting its goals.

Programs such as SCDP may provide assistance in more than one strategy area; however, information on each assistance program is presented under that strategy it most fully addresses. This section also identifies assistance programs funded with state or agency resources. Details of these activities are beyond the scope of this report. More information on assistance available under MHFA programs is contained in the annual assessment of accomplishments, *MHFA Housing Assistance in Minnesota*.

### **1. Provide affordable housing for extremely low and low-income renters**

SCDP provides funds to local units of government to establish programs for rehabilitation of rental properties occupied primarily by low- and moderate- income families. The SCDP funds rehabilitate substandard rental units to standard condition with the requirement that at least 51% of the units be occupied by low and moderate-income families at affordable rates (defined as being at or below Fair Market Rents). Generally, grantees establish programs that provide deferred loans with no principal or interest payment unless ownership of the property is sold, transferred or converted, or if occupancy and affordable rental rates do not conform to the loan requirements. In some circumstances, grantees establish finance plans with very low repayments. Local community action programs, housing and redevelopment authorities or other for-profit or nonprofit organizations usually implement the programs, designed to correct health or safety problems. For FFY 2004, to address this priority, DEED awarded funds to twelve Minnesota cities to rehabilitate 192 residential rental units (single family and multifamily buildings). DEED also awarded funds to two cities in Minnesota to construct new rental units to be occupied principally by low- and moderate- income families at affordable rents. Additional information on these projects may be found in DEED's Performance Evaluation Report (PER). See the *Access to Data* section for details on how to contact DEED.

Under the HOME Rental Rehabilitation Program, the MHFA provides deferred loans at no interest to owners of affordable rental property—up to \$14,000 per unit. Activity occurred almost exactly as projected. In FFY 2004, the MHFA provided a total of \$3,165,222 under the HOME Rental Rehabilitation Program to 37 developments for which rehab was completed during the year, assisting 224 households. As of September 30, 2004, the MHFA had an additional \$8,922,124 in HOME funds committed to the rehabilitation of 34 rental properties (766 HOME units).

The MHFA disbursed a total of \$276,451 in HOME funds during the year to assist eight CHDOs with operating expenses related to owning, sponsoring, or developing HOME-eligible housing.

Owners of 906 units of low-income housing claimed a total tax credit of \$5,627,229 for the first time in 2003 (most current data). The MHFA reports, annually, on those HTC units complete and occupied or available for occupancy. Because of when and how data on these HTC units are available to the MHFA, information always will be for the year prior to the current reporting year.

Minnesota's Housing Trust Fund (HTF) is supported through a combination of interest earnings on real estate escrow accounts and revenue bond application fees, and state appropriations. Funds may be made available to housing sponsors to develop or

rehabilitate rental housing for very low-income tenants, for project operating costs, and for voucher assistance to tenants. In FFY 2004, HTF provided \$3.1 million in deferred loans and operating cost assistance for nearly 480 units of permanent or transitional housing and \$1.2 million in voucher assistance for nearly 400 households.

The MHFA assisted the rehabilitation of 16 units of rental housing in the amount of \$826,335 under the state-funded Affordable Rental Investment Fund (ARIF). Through the Minnesota Families portion of ARIF, the MHFA also funded 84 units of housing in the amount of \$12.5 million, units affordable to people with MFIP-level incomes (i.e., eligible for public assistance).

The MHFA also provides various incentives to property owners to preserve the affordability of existing assisted housing. In 2004, this included \$5.8 million in asset management funds and \$7.7 million for the preservation of the affordability of nearly 700 units of existing subsidized housing.

## **2. Build a stronger continuum of care to serve people experiencing homelessness**

The state assisted the greatest number of households or individuals under the Emergency Shelter Grant Program, addressing the needs of homeless people in excess of the assistance goal for 2004.

**Minnesota's Consolidated Plan for Housing and Community Development, FFY 2002—2006** states the following priorities for homelessness funding:

*Current levels of service to homeless persons will be maintained in Minnesota to the extent possible.*

The state used Emergency Shelter Grant Program funding of \$1,166,000 in FFY 2004 to support the on-going efforts of homelessness prevention, to provide shelter, and to assist transitional housing providers. ESG funds assisted a total of 40,105 individuals in 26,664 households during the year. DHS provided ESG funds to 42 emergency shelter and transitional housing programs for the purpose of maintaining current levels of service. Given difficulties with reporting systems, this may not reflect total ESG expenditure activity.

Under the Supportive Housing Program, DHS also funded \$672,309 in supportive services to assist 761 households (900 individuals) in Greater Minnesota during the reporting year. DHS administers five Supportive Housing contracts on behalf of 21 provider agencies across the state.

*Assist each region in establishing continuum of care systems*

The State of Minnesota Interagency Task Force on Homelessness, in consultation with the Minnesota Housing Partnership, has provided technical assistance to assist in the establishment of Continuum of Care Committees across the state. Currently, thirteen Continuum of Care (CoC) regions exist in Minnesota covering the entire state.

DHS has offered each CoC committee the opportunity to review and provide recommendations on each ESG application submitted from their region, as well as other

DHS-administered homeless programs. This ensures that ESG funding is used to address locally determined priorities for prevention, shelter, and transitional housing.

For the 2004/2005 biennium, the MHFA has allocated \$10 million of its own resources as part of the state's Initiative to End Long-Term Homelessness. Deferred loan funds will be available on a pipeline basis, as well as through the Request for Proposal process, for acquisition, development, or rehabilitation of permanent supportive rental housing; operating subsidies; and rental assistance.

State appropriations to DHS are used to provide operating funds to transitional housing programs and to provide emergency housing and services. DHS awards funds through a competitive process. For FFY 2004, DHS received \$2,988,500 in state appropriations for transitional housing and \$350,000 for emergency services.

Under Projects for Assistance in Transition from Homelessness (PATH), DHS disbursed a total of \$1,070,000 to fund mental health staff and to provide rental assistance to 1,507 households.

Under the state-funded Family Homeless Prevention and Assistance Program, the MHFA had provided \$1.3 million in cash assistance to more than 5,000 households by the end of the third quarter of FFY 2004.

Although SCDP funds are not used specifically for homelessness assistance or prevention, the funds assist in rehabilitating and preserving existing affordable housing (both owner and renter occupied) for low- and moderate-income families. SCDP helps ensure the quantity and habitability of the state's existing housing stock and preserves valuable, affordable housing for communities and future generations.

### **3. Enhance housing and services to those with special housing needs**

Under the Housing Opportunities for Persons with AIDS (HOPWA) program, MHFA provided approximately \$172,250 to two non-profit agencies assisting people living with HIV in Greater Minnesota. During the year, 142 households (218 people) received emergency housing assistance, 84 households (158 people) received supportive services (only) and an estimated 5,890 persons received housing information services. The average monthly income of the persons assisted with HOPWA funds was \$780 per month, and 80 percent of those assisted had incomes below \$12,000 per year. Over one-third of those assisted were from communities of color.

The Department of Human Services provides assistance to people with a serious and persistent mental illness in the form of support services, cash assistance, and Medicaid waivers. This assistance is intended to enable people with special needs to remain in their homes or communities. Under the state-funded Crisis Housing Assistance Fund, DHS assisted 374 households with rent assistance and mortgage or utility payments in the amount of \$335,593.

The state assists approximately 13,000 people per month (approximately \$70 million in assistance, annually) through the DHS Group Residential Housing Program. Elderly people and people with disabilities may be assisted, e.g., by income supplements for

clients' room and board costs in certain licensed settings. The department also provides state funds to assist people experiencing homelessness, e.g., for transitional housing, case management, services coordination. DHS also uses state funds for a homesharing program that matches elderly homeowners, who may be in need of assistance with chores or additional income, with eligible renters.

Under the state-funded Bridges Program, designed to assist people with mental illness and their families, the MHFA assisted more than 400 households with vouchers and security deposit assistance in the amount of \$1.5 million.

The Small Cities Development Program does not provide funds specifically to address housing for people with special needs; however, SCDP funds are used to rehabilitate homes that may be owned and occupied by low- and moderate-income families who need to make accessibility improvements for a disabled member of the household. New rental housing construction is completed in accordance with the Americans with Disabilities Act (ADA) and Section 504 of the Rehabilitation Act of 1973. Commercial rehabilitation programs also are carried out with consideration of the ADA and the accessibility needs of the public.

#### **4. Strengthen a community's housing stock**

Programs that assist communities to strengthen their housing stock include energy related repair and weatherization funds from the U.S. Department of Energy. Households assisted under these programs do not meet HUD's definition of assisted households, so they are not discussed in this report.

SCDP and HOME programs help to strengthen housing stock; however, most of these programs are discussed in the context of the strategies they most fully implement--supporting community development, providing affordable housing, and providing homeownership opportunities.

The Small Cities Development Program provides funds to local units of government to establish housing rehabilitation programs for very low and low and moderate-income to families who own and occupy substandard homes suitable for rehabilitation. Generally, grantees establish programs that provide deferred loans with no principal or interest payments unless the home is sold within a certain period of time. Local community action programs, housing and redevelopment authorities or other for profit or nonprofit organizations often implement the programs, which address health or safety problems. For FFY 2004, DEED awarded \$7,030,925 for the rehab of 457 owner occupied housing units by low/moderate income households.

The MHFA strengthens communities' housing stock throughout the state through a variety of state or agency-funded programs. The MHFA provided \$47 million to more than 3,400 homeowners to rehabilitate or improve the property they occupy and \$6.4 million to communities to meet local revitalization needs. Under the Low and Moderate Income Rental Program, the MHFA loaned more than \$25 million in financing (including Flexible Financing for Capital Costs) to assist the construction or rehabilitation of nearly 700 rental units. The state-funded Economic Development and Housing Challenge Fund provided more than \$7 million to fund the construction, acquisition, or rehabilitation of more than 500 units of affordable or workforce housing.

Under the state-funded Organizational Support Program and the MHFA-funded Nonprofit Capacity Building Revolving Loan Program, the MHFA provides assistance to local nonprofit organizations to increase their capacity to meet local housing needs.

#### **5. Assist in providing homeownership opportunities**

The MHFA funds the Minnesota Urban and Rural Homesteading Program (MURL), with federal HOME funds. Under this program, the MHFA grants funds to nonprofit sponsors who acquire and rehabilitate vacant or abandoned property for sale to at-risk borrowers on a contract-for-deed basis. In FFY 2004, nonprofit organizations acquired 21 parcels with HOME funds in the amount of \$1,151,048 to be rehabilitated and sold to first-time homebuyers. Seven homebuyers purchased and occupied units for which rehabilitation with HOME funds was completed. Assistance to households was less than the units of housing the MHFA had anticipated funding under this program; however, that may be due to a difference in how the MHFA projects (units acquired or rehabilitated) and how HUD requires jurisdictions to report (households assisted). In September 2004, the MHFA committed \$3,331,043 in HOME funds to local administrators for homesteading projects.

The Small Cities Development Program can and has provided funds to local units of government to establish homeownership assistance programs for very low, low, and low- and moderate- income families. Generally, local units of government provide assistance in the form of deferred loans with no principal or interest payment (unless the property is sold or transferred) for mortgage assistance, lot purchase assistance, down payment assistance, or abatement of assessment for infrastructure. The programs frequently are administered with the assistance of local community action or housing and redevelopment authorities. For FFY 2004, DEED awarded \$370,000 for direct homeownership assistance.

The state also provides homeownership opportunities through the sale of tax-exempt mortgage revenue bonds and state or MHFA-funded entry cost assistance programs. In FFY 2004, the MHFA funded more than 1,100 entry cost loans in the amount of more than \$8.4 million and purchased 2,250 mortgages for first-time homebuyers in the amount of \$246 million. The state also appropriates funds to the MHFA under the Tribal and Urban Indian Housing Programs and provides homeownership education and training, and foreclosure prevention counseling and assistance.

#### **6. Support community development and revitalization**

The Small Cities Development Program (SCDP) provides the greatest amount of assistance to support community development in the state and is, in fact, the largest amount of HUD funds received by the state for housing and community development assistance under any program. In 2004, DEED provided a total of \$24,772,087 in SCDP funds to assist a variety of projects. The state's entire Small Cities Program (Community Development Block Grant) allocation is awarded on a fiscal year for these activities.

With various DEED funding sources and programs available, communities can undertake activities to strengthen its housing stock in a coordinated and simultaneous approach. The Small Cities Program, Economic Development Program, Public Facilities

Authority, and the Contaminated Cleanup and Redevelopment grant programs are available to address public utility needs for housing, economic development and construction or rehabilitation of the housing stock.

The DEED Small Cities Development Program provides funds to local units of government for downtown revitalization, economic development loans to businesses, and for public infrastructure improvements such as water and sewer systems. To address these priorities, in FFY 2004 DEED awarded \$2,370,540 to cities for downtown commercial rehabilitation of commercial properties; \$5,374,200 to cities for water system and sanitary sewer improvements. With \$2,674,000 in economic development funded activities, the DEED created or retained 455 jobs.

The Minnesota Department of Employment and Economic Development provides resources for cleanup of contaminated sites through its state-funded Contaminated Cleanup and Redevelopment programs. For FY 2004, approximately \$8,095,015 was provided for 20 projects of site cleanup and redevelopment. A new program funded in 2003 with \$1,000,000 from the U.S. Environmental Protection Agency has provided assistance for cleanup of brownfield sites. The Public Facilities Authority has funded loans to 19 communities with \$177,490,844 for sewer improvement projects and 23 communities with \$78,282,893 for water improvement projects.

### ***Citizen Participation***

The state notified the public of the availability of the draft in the *State Register* and the *Tribune*. The draft CAPER was available for public comment for 30 days, beginning November 1, 2004, and extending through November 30, 2004. Copies of the CAPER were posted in the websites of the MHFA and DEED, mailed to depositories (e.g., local libraries) throughout the state, and photocopies were available from MHFA and DEED upon request. The state received no comments on the draft CAPER. Updates to the draft may be made, annually, based on information that does not become available to staff until November or December.

### ***ESG Program Narrative***

For state Con Plan Program Year 2004, the state assisted 38,844 homeless persons with ESG funding. Of this total 18,864 received shelter. While shelter itself does not "reduce homelessness", it enhances access other services such as transitional housing, permanent housing, and other mainstream resources. Sheltering persons with ESG funds is also "effective" in that provides a safe place to stay. Every year in Minnesota, persons without shelter die of exposure to the elements.

ESG funds were used to provide 1,261 persons with prevention services. These services included first months/damage deposit. ESG were also used to provide supportive services to 19,980 persons. These services included drop-in centers, case management, transportation, mental health care, childcare, legal advice and assistance and other supportive services.

The state does not have the resources to formally evaluate the outcomes of ESG funded prevention and supportive services, but it is generally agreed upon by service providers,



Continuum of Care committees and the state's Interagency Task Force on Homelessness that providing the above mentioned services successfully reduces homelessness.

### ***HOME Program Narrative***

#### ***Meeting different housing needs identified in the plan***

Minnesota provides HOME funds through the MHFA and its participating administrators and grantees. Funds are available in communities throughout the state that do not receive entitlements directly from HUD.

The state, in its **Consolidated Plan for Housing and Community Development, FFY 2002—2006**, identifies two fundamental housing assistance goals: to meet basic housing needs and to strengthen communities. The MHFA works to ensure that HOME fund allocations to programs are consistent with identified goals and strategies identified in the plan.

In addition to an increase in its HOME formula grant, in 2004 the MHFA received funds from HUD to implement the American Dream Downpayment Initiative and funds for the effort to end chronic long-term homelessness. The MHFA designated 2004 HOME funds received from HUD as follows:

**MHFA Allocation of HOME Funds for 2004**

<b>Program or activity</b>	<b>Allocation of funds</b>	<b>Percentage of funds</b>
HOME Rental Rehabilitation	\$5,928,000	49.1%
HOME MURL	\$3,130,000	25.9%
Downpayment Initiative (ADDI)	\$945,000	7.8%
CHDO Operating Funds	\$530,000	4.4%
End chronic homelessness	\$500,000	4.1%
Agency overhead	\$1,029,063	8.5%
Total	\$12,062,063	100%

Agency overhead reflects the additional administrative costs of two new programs.

In FFY 2004, the MHFA provided HOME funds for rehabilitation of rental property; assistance to nonprofits to acquire, rehabilitate, and sell vacant/abandoned property sold on contract-for-deed to homebuyers; flood relief; and assistance to CHDOs for operating expenses. These HOME-funded programs addressed three different strategies identified in the state's plan including: providing affordable rental housing for low-income tenants, strengthening the housing stock, and providing homeownership opportunities.

Completed projects included a total of more than \$3.8 million in HOME funds that provided affordable housing for 251 low-income households.

The following table presents a geographic distribution of HOME assistance to households. It is important to note that most counties in the Metro and the Northeast regions are entitlement areas, which receive allocations of HOME funds directly from HUD and therefore are not eligible for HOME project funds from the state. According to

HUD guidelines, this report includes information on all developments (and their occupants) for which rehab that was completed during FFY 2004.

The CAPER requires jurisdictions to report on assistance to households, i.e., occupied units for which rehabilitation is complete or a homebuyer occupies a purchased unit. For rental rehabilitation, geographic distribution of assistance includes total HOME funds for rehabilitation, not just the amount disbursed as of September 30, 2004 (year end).

**HOME Funded Developments Completed During FFY 2004  
by Region in Minnesota**

Regions	HOME assistance	
	House-holds	Funds in completed projects
Central	91	\$875,886
Metro	0	\$0
Northeast	12	\$210,000
Northwest	56	\$781,959
Southeast	30	\$515,923
Southwest	30	\$612,384
West Central	32	\$808,658
Total	251	\$3,804,810

**Note**

HOME funds generally are not available in entitlement areas, e.g., the Metro or Northeast regions of the state. The exception is HOME MURL.

Geographic distributions of data include total HOME funds expended for households in units for which rehab was completed during the reporting year.

### Minnesota Counties by Region

<b>Northwest:</b>	Beltrami	<b>West Central:</b>	Becker	<b>Southwest:</b>	Big Stone	<b>Southeast:</b>	Blue Earth	<b>Metro:</b>	Anoka
	Clearwater		Clay		Chippewa		Brown		Carver
	Hubbard		Douglas		Cottonwood		Dodge		Dakota
	Kittson		Grant		Jackson		Faribault		Hennepin
	Lake of the Woods		Otter Tail		Kandiyohi		Fillmore		Ramsey
	Mahnomen		Pope		Lac Qui Parle		Freeborn		Scott
	Marshall		Stevens		Lincoln		Goodhue		Washington
	Norman		Traverse		Lyon		Houston		
	Pennington		Wilkin		McLeod		Le Sueur		
	Polk				Meeker		Martin		
<b>Northeast:</b>	Red Lake	<b>Central:</b>	Benton		Murray		Mower		
	Roseau		Cass		Nobles		Nicollet		
	Aitkin		Chisago		Pipestone		Olmsted		
	Carlton		Crow Wing		Redwood		Rice		
	Cook		Isanti		Renville		Sibley		
	Itasca		Kanabec		Rock		Steele		
	Koochiching		Mille Lacs		Swift		Wabasha		
	Lake		Morrison		Yellow Medicine		Waseca		
	St. Louis		Pine				Watsonwan		
			Sherburne				Winona		
			Stearns						
			Todd						
			Wadena						
			Wright						

Minnesota does not use HOME funds for tenant-based rent assistance, given the amount of assistance already available through the Section 8 Housing Assistance Payments Program. According to HUD's **Inventory of Subsidized Housing**, housing authorities in the state administer approximately 25,000 Section 8 certificates and vouchers. The state legislature's biennial appropriation to the MHFA includes assistance for voucher programs, e.g., the appropriation for 2004/2005 included more than \$3 million for tenant-based rental assistance and \$7.4 million for Family Homeless Prevention and Assistance (which assists households primarily through tenant-based assistance and services). Because of these resources, the MHFA allocates the greatest portion of HOME funds to the rehabilitation of rental property for very low-income tenants.

To assist homeless people and others with special needs, the **Consolidated Plan for Housing and Community Development, FFY 2002—2006** identifies several actions, including developing more transitional and affordable permanent housing. Maintaining the quality and affordability of existing housing is important in preventing homelessness, especially among "at-risk" populations. The MHFA designates the largest proportion of its HOME funds for the moderate rehabilitation of existing rental housing. The Minnesota Legislature has appropriated funds to preserve the ongoing affordability of existing federally subsidized housing (\$18.5 million for 2004/2005).

#### ***Summary of on-site inspections of rental housing***

To ensure program compliance MHFA staff visit local administrators, annually, to review administrator files. To ensure compliance with applicable regulations, including property standards and HOME income guidelines, the MHFA and local program administrators inspect HOME-funded developments. Local administrators report the results of their inspections to the MHFA, as well as the results of tenant income surveys they conduct. Details of on-site inspections are available through the MHFA and local administrators. These files are subject to review by HUD auditors, annually.

During 2004, MHFA staff inspected the files of 15 local program administrators, of which all but one had sufficient, correct documentation on file. MHFA staff inspected 89 HOME-assisted units in 28 developments. In all of those inspected units, households met income requirements; however in 7 of the units, HQS were not met; in one unit, rent requirements were not met; and in 3 units, not all applicable documents were on file. The MHFA, local administrators, and property owners have worked together to correct deficiencies, which were addressed within 30 days of identification. Any compliance problems identified in previous inspections have been resolved.

An additional 42 inspections by local administrators showed all HOME units in compliance with housing codes and other applicable regulations.

#### ***Affirmative marketing actions***

The MHFA HOME team assesses the success of affirmative marketing efforts in the HOME Rental Rehabilitation Program. Under a procedure revised in 2003, MHFA HOME team staff compare predetermined occupancy goals with actual occupancy data maintained by local administrators and Census data for the city or county in which

developments are located, e.g., data on renters of color, people with disabilities, and female-headed households with children.

The MHFA may require corrective actions, such as more extensive outreach efforts to appropriate communities or organizations, to achieve the occupancy goals representative of the demographics in an area. Examples of outreach efforts to inform and solicit applications from those least likely to apply include the use of: community organizations, churches, employment centers, fair housing groups, housing counseling agencies, or other organizations that provides services to, or have as members, people in groups considered least likely to apply. MHFA staff did not report requiring any corrective actions in 2004.

The MHFA's HOME team and Fair Housing staff worked together to strengthen the wording of the Administrative Procedures Manual, Administrative Monitoring Checklist, and File Compliance and Property Inspection Checklists for the HOME Rental Rehabilitation Program. Revisions and additions were made to ensure administrators' understanding of affirmative fair housing compliance (including monitoring of Affirmative Fair Housing Marketing Plans) and guidelines for outreach to minority and women-owned businesses as contractors or sub-contractors on projects. At annual HOME Rental Rehabilitation workshops, MHFA staff review the enhanced guidelines and checklists. MHFA HOME team members also meet separately with program administrators to review guidelines and stress their importance.

According to *Census 2000*, 7.5% of the households in Minnesota were headed by a person of color, i.e., a person identified as being of a race other than white. Metropolitan areas of the state tend to have larger populations of color (11.1% in the seven-county Minneapolis/Saint Paul area); however, in Greater Minnesota approximately 3.4% of all households were of color. Note that the MHFA's HOME funds are available only outside of Minneapolis, Saint Paul, and other entitlement areas.

Households of color were a total of 7.6% of all HOME-assisted households in FFY 2004. Current information is not comparable to that of previous years, due to the full implementation of federal standards concerning race and ethnicity.

**Households Assisted under  
HOME-Funded Programs, FFY 2004**

<b>Race of householder</b>	<b>Percentage of total assisted</b>
American Indian or Alaskan Native	0.0%
Asian	0.4%
Black or African American	2.0%
More than one race	2.0%
Native Hawaiian or other Pacific Islander	0.4%
white, Hispanic	2.8%
white, not Hispanic	92.4%
<b>Total</b>	<b>100.0%</b>

All application packets available to individuals interested in HOME programs and each HOME procedural manual available through the MHFA informs participants of fair housing laws and the MHFA's affirmative marketing policy. After selection of prospective HOME participants, MHFA staff discuss with property owners the policies and procedures designed to ensure the enforcement of fair housing laws.

The MHFA requires that property owners submit Affirmative Fair Housing Marketing Plans for the marketing and occupancy of units assisted in developments of five units or more. Owners must update these marketing plans at least once every three years.

***Outreach to women- and minority-owned businesses***

Rehabilitation work was completed on 37 rental housing developments in Greater Minnesota during FFY 2004. None of the 34 owners of these properties identified themselves as minority owners. More than 3% of the contractors and subcontractors on these projects were identified as minority-owned businesses and 9.5% were identified as women-owned businesses. Since the state itself does not enter into these contracts, they are not reported on HUD form 40107.

The HOME Rental Rehabilitation Program currently is made available locally by administrators selected by MHFA. All current administrators are local units of government or nonprofit agencies, and therefore cannot be identified either as women- or minority-owned businesses.

Each administrator receives a copy of the MHFA HOME Rental Rehabilitation Program Administrative Manual and each owner receives a copy of the MHFA HOME Rental Rehabilitation Owner's Manual. In these manuals, the MHFA provides clear directions to administrators and owners about fair housing and equal opportunity requirements.

The administrative manual cites the State Human Rights Act, Section 363.073, requiring businesses with more than 20 employees and bidding for a state contract over \$100,000 to have a Certificate of Compliance ascertaining that they have in place an approved Affirmative Action Plan. It references HUD's Section 3 clause, regarding opportunities for job training and employment to low-income and very low-income persons for projects exceeding \$200,000 for property owners and \$100,000 for contractors. The manual also provides further directions to implement those requirements. It outlines the purpose of the affirmative fair housing marketing plan requirements and provides guidance related to implementation, record-keeping, and monitoring, and specifically requests the completion of the Fair Housing/Equal Opportunity Compliance Form (HOME Form 10) every three years for properties with five units or more, and an Affirmative Fair Housing Marketing Plan (HOME Form 11) for projects with five or more units.

The MHFA clearly shares with administrators its contract compliance goals: a) 6.9% of all contract dollars must be let to minority-owned and controlled business enterprises; b) 2% of total contract dollars must be let to women-owned and controlled business enterprises; c) affirmative action hiring goals for minorities and women must be met for contracts in excess of \$50,000. In its manuals, the MHFA addresses fair housing and

handicapped accessibility design requirements: 5% of dwelling units must be accessible and adaptable to persons with physical mobility impairments, for projects consisting of 15 units or more where the anticipated costs of rehabilitation is at 75% of the project replacement costs; and 2% (or one unit minimum) must be accessible to hearing or vision-impaired persons. In addition, 24 CFR Part 8 is referenced for all other rehabilitation projects. Finally, ANSI 117.1-1980 and Minnesota Building Code, Chapter 1340 are referenced as standards.

These fair housing and equal opportunity requirements are reinforced during technical trainings, site visits, and annual meetings the MHFA conducts with administrators.

### ***HOPWA Program Narrative***

The State of Minnesota first received a HOPWA grant in 1994 to support a wide variety of housing assistance and support services to people who are living with HIV/AIDS. Since 1995, the City of Minneapolis has been eligible to receive HOPWA formula allocations to serve the Twin Cities metropolitan area, leaving a gap in assistance to people in Greater Minnesota. Beginning in 1999, the MHFA has received an annual allocation of HOPWA funds from HUD to provide housing assistance and support services to people outside the 13-county Minneapolis/St. Paul area.

In 2004, the MHFA received a HOPWA allocation of \$110,000. As of the end of 2004, a total of \$116,573 in HOPWA funds was committed. This includes \$9,873 out of FFY03 HOPWA funds. HOPWA funds are available through the MHFA's Super RFP process.

Currently, the two HOPWA providers funded by the state have established statewide networks to deliver assistance in areas of need. The Minnesota AIDS Project (MAP) has worked closely with HIV service providers in Greater Minnesota, including the Mayo Clinic's case management program, Minnkota, the Rural AIDS Action Network (RAAN), and the St. Joseph's Home Care and Hospice, as well as MAP's own case management programs in Duluth and St. Cloud, so that individuals living throughout Greater Minnesota are informed and can access MAP's programs. Rural AIDS Action Network (RAAN) has established five rural centers for HIV care, which consist of large regional networks. These centers are in Le Sueur, in the South Central region of Minnesota; Alexandria, in the West Central region; Hibbing, in the Iron Range/ North East region; Bemidji, in the North Central region; and Sandstone, in the East Central region of Minnesota. RAAN provided services to 84 households in the amount of \$41,756. (These households received information or services to assist them to obtain or maintain stable housing, therefore are not included on HOPWA performance charts)

The MHFA and the Department of Human Services collaborate to undertake outreach efforts that will ensure the needs of people with HIV/AIDS living in Greater Minnesota are met. This collaboration allows for greater coordination in the implementation of HIV/AIDS related projects. In September, 2003, the Department of Human Services conducted a written survey of all HIV/AIDS persons living in greater Minnesota, to determine housing and services needs and preferences.

Some of the activities funded with HOPWA grants in the past include a comprehensive needs assessment, the development of a five year plan for meeting the housing needs of people living with HIV, housing information services and emergency housing assistance. Presently HOPWA funds are used to assist people living with HIV in Greater Minnesota to prevent homelessness through housing information services and provision of emergency housing (emergency rental and mortgage assistance) and utility payments. To respond to the difficulty isolated Minnesotans experience in locating and accessing services, Minnesota HOPWA funds have also been used to fund an information and housing intervention network that connects participants to needed services that will help the individual maintain their housing or obtain housing. While progress has been made in increasing access to services, Minnesota's HOPWA funds are insufficient to fund both the emergency housing assistance program and the information and housing interventions network.

**The primary barriers encountered in the HOPWA program are as follows:**

**The corresponding actions taken in response to these barriers are as follow:**

1. Reduced state Human Services funding has resulted in fewer dollars for services, and caused the elimination of staff positions in the non-profit organizations delivering services to persons living with HIV/AIDS, and added many new responsibilities to the remaining staff.	1. Worked with other state agencies and non-profits to survey the needs of persons with HIV/AIDS in rural Minnesota. Information from the survey will be used to target funding and activities.
2. Rural Minnesota service providers are often unaware of the persons in their community who are living with HIV/AIDS, and may be ignorant of the needs of these persons, or may have prejudices that affect the availability of housing.	2. Worked with other organizations that had staff and funding for evaluation of needs of persons with HIV/AIDS in rural Minnesota. Information will be used to promote education and increase housing opportunities.
3. Distances to services are usually significant, and public transportation is generally unavailable.	3. Information services coordinates rides for most serious situations.
4. Funding for both housing information services and emergency assistance is insufficient.	4. The Minnesota HIV Housing Coalition has stated its intent to review Rural Housing Needs survey information along with information on housing resources, demographics and recommend highest priorities for selecting proposals.

The Minnesota HIV Housing Coalition has developed a work plan that identifies four general strategies for the MHFA to follow in selecting proposals for HOPWA funding:

- \*Increase affordable housing stock through housing development and subsidies
- \*Intensive housing intervention
- \*Fund emergency housing assistance
- \*Facilitate a clearinghouse to serve the housing needs of individuals and families living with HIV/AIDS.



The MHFA will continue to administer HOPWA funds for Greater Minnesota in cooperation with the Minnesota HIV Housing Coalition. Due to limited funds and high demand, it is expected that funding will continue to go toward emergency housing assistance in Greater Minnesota. MHFA will offer the state's formula grant and the City of Minneapolis grant, with other funding resources, in the annual Super Request for Proposals (RFP). Making funds available in a single RFP provides the opportunity for housing sponsors to increase leveraging of funds from a variety of sources while encouraging a broad range of development throughout the state.

The MHFA undertook a substantial amendment to its Consolidated Plan in July 2002 to remedy a problem at that time of receiving limited numbers of applications (or lack thereof). This strategy enables the MHFA to consider applications for HOPWA funding from anywhere in the state, but with a priority for applications outside the thirteen-county metropolitan area, and will permit MHFA to issue RFPs in addition to its annual "Super RFP" if needed.

The MHFA lists HOPWA funding awards on its website, together with other MHFA funding awards made through the Super Request for Proposals process. This website includes HOPWA awards made on behalf of the City of Minneapolis as well; however, the CAPER does **not** include information on any HOPWA other than that available through the state. More detailed information on the use of HOPWA funds is available by contacting the MHFA.

## **Guide To Acronyms**

CAPER	Consolidated Annual Performance and Evaluation Report
CDBG	Community Development Block Grant (federal)
CHDO	Community Housing Development Organization
CoC	Continuum of Care
CPD	Community Planning and Development (HUD department)
DHS	Minnesota Department of Human Services
DEED	Minnesota Department of Employment and Economic Development
ESG	Emergency Shelter Grant (federal)
FNMA	Federal National Mortgage Association
HMIS	Homeless Management Information System
HOPWA	Housing Opportunities for Persons with AIDS (federal)
HTC	Housing Tax Credits (federal)
HUD	U.S. Department of Housing and Urban Development
IDIS	HUD's information system
LISC	Local Initiatives Support Corporation
LMI	Low and moderate income
MDH	Minnesota Department of Health
MFIP	Minnesota Family Investment Program
MHFA	Minnesota Housing Finance Agency
PATH	Projects for Assistance in Transition from Homelessness (federal)
RHS	Rural Housing Service, U.S. Department of Agriculture (USDA)
SCDP	Small Cities Development Program (federal)
SHP	Supportive Housing Program (federal)

**FEDERAL FUNDS TO STATE AGENCIES IN MINNESOTA  
FFY 2004**

	Small Cities (SCDP)	ESG	HOME	HOPWA	PATH	Supportive Housing
Federal funds received in 2004	\$24,772,087	\$1,166,000 in '03* and \$1,184,699 in '04	\$12,062,504	\$110,000	\$610,000	\$725,126
Activities undertaken	Residential rehabilitation, public facilities, economic development	Homelessness prevention, operating assistance for shelters, supportive services	Flood relief, rental rehab, home- steading assistance, CHDO operating exp	Emerg housing asst for rent, mortgage, utilities, supportive services for people with HIV/AIDS, and housing information & intervention network	Mental Health Services staff, security deposits, one month rent assistance	Housing and support services for homeless people.
Geographic area served	Nonentitlement areas of the state	State	Non- entitlement areas of the state	State	Anoka, Clay, Dakota, Hennepin, Polk, Ramsey, St. Louis, Washington counties	C of C Regions: Central, NE, NW, West Central, SE, SW
Nonfederal funds leveraged or used as match	MHFA, private banks, owners	State transitional and ESP funds	MHFA, private banks, owners	None	Rule 78 state funds	State, local, private

\*The ESG program year includes two federal fiscal year.

**IDENTICAL PROGRAM GRANT AWARD ROSTER, ESG**

The grant shell attached is used to award the following grants. The grants have identical program purposes. The grant contract and attachment A documents have been reviewed and comply with program and agency policy. The grantees are listed below:

<b>Grantee Name</b>	<b>Address</b>	<b>City</b>	<b>Zip</b>	<b>Amount Awarded</b>	<b>Amount in first fiscal year</b>
Ain Dah Yung	1089 Portland Avenue	St. Paul	55104	\$22,000.00	\$11,000.00
Anoka County Community Action Program, Inc.	1201 - 89th Avenue NE, Suite 345	Blaine	55434	\$22,000.00	\$11,000.00
Arrowhead Economic Opportunity Agency, Inc.	702 Third Avenue South	Virginia	55792-2797	\$75,000.00	\$37,500.00
Ascension Place, Inc.	1803 Bryant Avenue North	Minneapolis	55411	\$48,000.00	\$24,000.00
Bi-County Community Action Program, Inc.	2715 - 15th Street	Bemidji	56619-0579	\$28,000.00	\$14,000.00
Care and Share Center, Inc.	220 East Third Street	Crookston	56716	\$74,000.00	\$37,000.00
Catholic Charities of the Archdiocese of St Paul and Minneapolis	1200 - 2nd Avenue South	Minneapolis	55403-2523	\$58,988.00	\$29,494.00
Catholic Charities of the Archdiocese of St Paul and Minneapolis - St. Joseph's Home	1200 - 2nd Avenue South	Minneapolis	55403-2523	\$50,000.00	\$25,000.00
Church of St. Stephen's	2211 Clinton Avenue South	Minneapolis	55404	\$140,000.00	\$70,000.00
Churches United for the Homeless	203 - 6th Street South	Moorhead	56560	\$90,000.00	\$45,000.00
Community Action Center of Northfield, Inc.	1651 Jefferson Parkway, Suite HS 200	Northfield	55057-3151	\$37,000.00	\$18,500.00
Dakota Woodlands, Inc.	3430 Wescott Woodlands	Eagan	55123-1229	\$75,800.00	\$37,900.00
East Metro Women's Council	3521 Century Avenue North, #213	White Bear Lake	55110	\$22,000.00	\$11,000.00
Evergreen House	1418 Bemidji Avenue, Suite 1	Bemidji	56619	\$34,650.00	\$17,325.00
Heartland Community Action Agency, Inc.	409 - 19th Avenue SW	Willmar	56201	\$30,007.00	\$15,003.50
HOME Line	3455 Bloomington Avenue South	Minneapolis	55407-2216	\$43,450.00	\$21,725.00

**IDENTICAL PROGRAM GRANT AWARD ROSTER, ESG (Continued)**

The grant shell attached is used to award the following grants. The grants have identical program purposes. The grant contract and attachment A documents have been reviewed and comply with program and agency policy. The grantees are listed below:

<b>Grantee Name</b>	<b>Address</b>	<b>City</b>	<b>Zip</b>	<b>Amount Awarded</b>	<b>Amount in first fiscal year</b>
Housing Coalition of the St. Cloud Area	777 Lincoln Avenue NE	St. Cloud	55302-0642	\$30,000.00	\$15,000.00
Inter-County Community Council, Inc.		Oklee	56742	\$45,000.00	\$22,500.00
KOOTASCA Community Action, Inc.	1213 SE 2nd Avenue	Grand Rapids	55744-3984	\$56,000.00	\$28,000.00
Lakes and Pines Community Action Council, Inc.	1700 Maple Avenue East	Mora	55051-1227	\$60,000.00	\$30,000.00
Life House, Inc.	102 West 1st Street	Duluth	55802	\$25,000.00	\$12,500.00
Mahube Community Council, Inc.	1125 West River Road	Detroit Lakes	56502-0747	\$52,262.00	\$26,131.00
Minnesota Valley Action Council, Inc.	464 Raintree Road	Mankato	56001	\$45,000.00	\$22,500.00
<b>Grantee Name</b>	<b>Address1</b>	<b>City</b>	<b>Zip</b>	<b>Amount Awarded</b>	<b>Amount in first fiscal year</b>
Motivation, Education & Training, Inc.	22551 MET Road	New Caney	77357-1839	\$101,750.00	\$50,875.00
Northwest Community Action, Inc.	312 North Main Street	Badger	56714-0067	\$43,188.00	\$21,594.00
Otter Tail-Wadena Community Action Council, Inc.	109 South Walker	New York Mills	56567	\$58,000.00	\$29,000.00
Our Saviour's Housing	2219 Chicago Avenue South	Minneapolis	55404	\$100,000.00	\$50,000.00
Ours to Serve House of Hospitality, Inc	416 Irvine Avenue NW	Bemidji	56601	\$90,000.00	\$45,000.00
Partners for Affordable Housing	512 East Mulberry Street	Mankato	56001	\$60,150.00	\$30,075.00
People Serving People	614 South 3rd Street	Minneapolis	55415-1104	\$50,000.00	\$25,000.00

**IDENTICAL PROGRAM GRANT AWARD ROSTER, ESG (Continued)**

The grant shell attached is used to award the following grants. The grants have identical program purposes. The grant contract and attachment A documents have been reviewed and comply with program and agency policy. The grantees are listed below:

<b>Grantee Name</b>	<b>Address</b>	<b>City</b>	<b>Zip</b>	<b>Amount Awarded</b>	<b>Amount in first fiscal year</b>
Prairie Five Community Action Council, Inc.	7th St. and Washington Ave., Suite 302	Montevideo	56265-0695	\$11,000.00	\$5,500.00
Project Foundation Home Away Centers, Inc.	1708 Oak Park Ave North	Minneapolis	55411	\$50,000.00	\$25,000.00
Rise Housing Services, Inc.	8406 Sunset Road NE	Spring Lake Park	55432-1387	\$65,000.00	\$32,500.00
Saint Paul Area Council of Churches	1671 Summit Avenue	St. Paul	55105-1884	\$120,000.00	\$60,000.00
Salvation Army (Rochester)	20 NE First Avenue	Rochester	55903-0575	\$25,123.00	\$12,561.50
Salvation Army (St. Cloud)	619 East St. Germain Street	St. Cloud	56304	\$65,000.00	\$32,500.00
Scott-Carver-Dakota CAP Agency, Inc.	712 Canterbury Road South	Shakopee	55379-1840	\$27,850.00	\$13,925.00
Semcac	204 South Elm Street	Rushford	55971-0549	\$43,000.00	\$21,500.00
Simpson Housing Services, Inc.	2740 First Avenue South	Minneapolis	55408	\$107,000.00	\$53,500.00
Southwestern Minnesota Opportunity Council, Inc.	1106 - 3rd Avenue	Worthington	56187	\$20,000.00	\$10,000.00
West Central Minnesota Communities Action, Inc.	411 Industrial Park Blvd.	Elbow Lake	56531-0956	\$25,000.00	\$12,500.00
Western Community Action, Inc.	400 West Main Street, Suite 201	Marshall	56258-1315	\$14,120.00	\$7,060.00
<b>Start Date: July 1, 2003 ; End Date: June 30, 2005</b>				<b>\$2,240,338.00</b>	<b>\$1,120,169.00</b>

## 2004 Emergency Shelter Grant Program Awards

Name of Applicant	Award amount	Name of Applicant	Award amount
Ain Dah Yung	\$11,000	MVAC	\$22,500
ACCAP	\$11,000	Northfield Community Action Center	\$18,500
AEOA	\$37,500	Northwest CAP	\$21,594
Ascension Place - St. Anne's Place	\$24,000	Otter Tail - Wadena CAC	\$29,000
BI-County CAP	\$14,000	Our Savior's Housing	\$50,000
Care and Share Center, Inc.	\$37,000	Our's to Serve House	\$45,000
Catholic Charities of St Paul & Mpls	\$29,494	Partners for Afford Housing	\$30,075
Catholic Charities, St. Joseph's Home Mpls	\$25,000	People Serving People	\$25,000
Church of Saint Stephen's	\$70,000	Prairie-Five	\$5,500
Churches United for Homeless	\$45,000	Project Foundation Away from Home	\$25,000
Dakota Woodlands	\$37,900	Rise Housing Services	\$32,500
East Metro Women's Council	\$11,000	Salvation Army St Cloud	\$32,500
Evergreen House	\$17,325	Salvation Army Rochester	\$12,562
Heartland CAP	\$15,004	Scott-Carver-Dakota CAP	\$13,925
Home Line	\$11,000	SEMCAC	\$40,199
Housing Coalition	\$15,000	Simpson Housing Services	\$53,500
Inter-County CAP	\$22,500	SMOC	\$10,000
Kootasca	\$28,000	St Paul Council of Churches	\$60,000
Lakes & Pines CAP	\$30,000	West Central MN CAP	\$12,500
Life House, Inc.	\$12,500	Western Community Action	\$5,316
Mahube CAP	\$26,131	State Admin	\$58,300
MET	\$50,875	<b>Total</b>	<b>\$1,184,699</b>

## HOME Match Report

**U.S. Department of Housing and Urban Development**  
Office of Community Planning and Development

OMB Approval No. 2506-0171  
(exp. 03/31/2005)

<b>Part I Participant Identification</b>			Match Contributions for <b>Federal Fiscal Year (yyyy)</b>		<b>2004</b>
1. Participant No. (assigned by HUD) <b>M-04-SG-27-0100</b>		2. Name of the Participating Jurisdiction <b>State of Minnesota, Minnesota Housing Finance Agency</b>		3. Name of Contact (person completing this report) <b>James Cegla</b>	
5. Street Address of the Participating Jurisdiction <b>400 Sibley Street</b>				4. Contact's Phone Number (include area code) <b>651-297-3126</b>	
6. City <b>Saint Paul</b>		7. State <b>Minnesota</b>	8. Zip Code <b>55101</b>		

## Part II Fiscal Year Summary

1. Excess match from prior Federal fiscal year	\$	9,962,809	
2. Match contributed during current Federal fiscal year (see Part III.9.)	\$	3,440,711	
3. Total match available for current Federal fiscal year (line 1 + line 2)			\$ 13,403,520
4. Match liability for current Federal fiscal year			\$ 2,297,663
5. Excess match carried over to next Federal fiscal year (line 3 minus line 4)			\$ 11,105,857

## Part III Match Contribution for the Federal Fiscal Year

[illegible]

form HUD-40107-A (12/94)



# Annual Performance Report HOME Program

U.S. Department of Housing  
and Urban Development  
Office of Community Planning  
and Development

OMB Approval No. 2506-0171  
(exp. 05/31/2007)

Public reporting burden for this collection of information is estimated to average 2.5 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

The HOME statute imposes a significant number of data collection and reporting requirements. This includes information on assisted properties, on the owners or tenants of the properties, and on other programmatic areas. The information will be used: 1) to assist HOME participants in managing their programs; 2) to track performance of participants in meeting fund commitment and expenditure deadlines; 3) to permit HUD to determine whether each participant meets the HOME statutory income targeting and affordability requirements; and 4) to permit HUD to determine compliance with other statutory and regulatory program requirements. This data collection is authorized under Title II of the Cranston-Gonzalez National Affordable Housing Act or related authorities. Access to Federal grant funds is contingent on the reporting of certain project-specific data elements. Records of information collected will be maintained by the recipients of the assistance. Information on activities and expenditures of grant funds is public information and is generally available for disclosure. Recipients are responsible for ensuring confidentiality when public disclosure is not required.

This form is intended to collect numeric data to be aggregated nationally as a complement to data collected through the Cash and Management Information (C/MI) System. Participants should enter the reporting period in the first block. The reporting period is October 1 to September 30. Instructions are included for each section if further explanation is needed.

Submit this form on or before December 31.	This report is for period (mm/dd/yyyy)		Date Submitted (mm/dd/yyyy)
Send one copy to the appropriate HUD Field Office and one copy to:	Starting	Ending	
<b>HOME Program, Rm 7176, 451 7th Street, S.W., Washington D.C. 20410</b>	<b>10/01/2003</b>	<b>9/30/2004</b>	

## Part I Participant Identification

1. Participant Number <b>M-04-SG-27-0100</b>	2. Participant Name <b>State of Minnesota</b>		
3. Name of Person completing this report <b>Minnesota Housing Finance Agency</b>		4. Phone Number (Include Area Code) <b>651-296-7608</b>	
5. Address <b>400 Sibley Street, Suite 300</b>	6. City <b>Saint Paul</b>	7. State <b>MN</b>	8. Zip Code <b>55101</b>

## Part II Program Income

Enter the following program income amounts for the reporting period: in block 1, enter the balance on hand at the beginning; in block 2, enter the amount generated; in block 3, enter the amount expended; and in block 4, enter the amount for Tenant-Based rental Assistance.

1. Balance on hand at Beginning of Reporting Period	2. Amount received during Reporting Period	3. Total amount expended during Reporting Period	4. Amount expended for Tenant-Based Rental Assistance	5. Balance on hand at end of Reporting Period (1 + 2 - 3) = 5
<b>71,571.02</b>	<b>195,390.35</b>	<b>266,961.37</b>	<b>0.00</b>	<b>0.00</b>

## Part III Minority Business Enterprises (MBE) and Women Business Enterprises (WBE)

In the table below, indicate the number and dollar value of contracts for HOME projects completed during the reporting period.

	a. Total	Minority Business Enterprises (MBE)				f. White Non-Hispanic
		b. Alaskan Native or American Indian	c. Asian or Pacific Islander	d. Black Non-Hispanic	e. Hispanic	
A. Contracts						
1. Number						
2. Dollar Amount						
B. Sub-Contracts						
1. Number						
2. Dollar Amount						
	a. Total	b. Women Business Enterprises (WBE)	c. Male			
C. Contracts						
1. Number						
2. Dollar Amount						
D. Sub-Contracts						
1. Number						
2. Dollar Amounts						

**Part IV Minority Owners of Rental Property**

In the table below, indicate the number of HOME assisted rental property owners and the total dollar amount of HOME funds in these rental properties assisted during the reporting period.

	a. Total	Minority Property Owners				f. White Non-Hispanic
		b. Alaskan Native or American Indian	c. Asian or Pacific Islander	d. Black Non-Hispanic	e. Hispanic	
1. Number	34					34
2. Dollar Amount	\$3,165,222					\$3,165,222

**Part V Relocation and Real Property Acquisition**

Indicate the number of persons displaced, the cost of relocation payments, the number of parcels acquired, and the cost of acquisition. The data provided should reflect only displacements and acquisitions occurring during the reporting period.

	a. Number	b. Cost				
1. Parcels Acquired	21	\$1,151,048				
2. Businesses Displaced	0	\$0				
3. Nonprofit Organizations Displaced	0	\$0				
4. Households Temporarily Relocated, not Displaced	0	\$0				
Households Displaced	a. Total	Minority Business Enterprises (MBE)				f. White Non-Hispanic
		b. Alaskan Native or American Indian	c. Asian or Pacific Islander	d. Black Non-Hispanic	e. Hispanic	
5. Households Displaced - Number	0					
6. Households Displaced - Cost	\$0					

**SINGLE FAMILY REQUEST FOR PROPOSAL - FALL 2004 ROUND ALLOCATIONS**  
**Minnesota Urban and Rural Homesteading Program (MURL)**  
**Funded Applications**

Applicant Name	Project Name/ Location	EVHI Region	MHFA Funding
			Amount Recommended
Arrowhead EOA	Hibbing and Virginia	NEMIF	\$129,578
Becker County EDA	Multiple Counties	WCMIF	\$400,000
Bi-County CAP, Inc.	Bemidji and Blackduck	NWMIF	\$250,000
Central Minnesota Housing Partnership	Multiple Counties	NEMIF	\$300,000
Duluth HRA	Duluth	NEMIF	\$375,000
Hubbard County HRA	Multiple Counties	NWMIF	\$190,000
Kandiyohi County HRA	Multiple Counties	SEMIF	\$100,000
KOOTASCA Community Action, Inc.	Itasca and Koochiching Counties	NEMIF	\$300,000
Leech Lake Band of Ojibwe	Leech Lake Reservation	CMIF	\$200,000
Minnesota Valley Action Council, Inc.	Fairmount and St. James	SEMIF	\$133,500
Otter Tail-Wadena CAC	Otter Tail-Wadena Counties	WCMIF	\$150,000
Southwest Minnesota Housing Partnership	Multiple Counties	SWMIF	\$292,365
West Central MN Housing Partnership	Dilworth and Moorhead	WCMIF	\$197,400
Western Community Action	Multiple Counties	SWMIF	\$313,200
<b>TOTAL FUNDS ALLOCATED</b>			<b>\$3,331,043</b>

HOME Rental Rehabilitation Program Participating Administrators

Administrator	Territory	Contact	Address	Phone & Fax No.(s)
Alexandria HRA 200 247 881 00 (EFT)	City of Alexandria	Jeff Hess	805 Fillmore Street Alexandria, MN 56308	(320) 762-1311 (320) 762-8115 fax <a href="mailto:jeff_alexhra@earthlink.net">jeff_alexhra@earthlink.net</a>
Becker County EDA 087 631 005 (EFT)	Mahnomen and Becker Counties (except City of Detroit Lakes)	Jon Thomsen	PO Box 787 Detroit Lakes, MN 56502	(218) 846-7316 (218) 846-7329 fax <a href="mailto:jathoms@co.becker.mn.us">jathoms@co.becker.mn.us</a>
Big Stone County HRA 034 054 001 03 (EFT)	Big Stone County	Mary R. Beling	11 SE Second Street Suite 102 Ortonville, MN 56278	(320) 839-2123 (320) 839-2114 fax <a href="mailto:bschra@info-link.net">bschra@info-link.net</a>
Carver County HRA 120 363 000 (EFT)	Carver and Scott Counties	Darin Berger	705 Walnut Street North Chaska, MN 55318	(952) 448-7715 (952) 448-6506 fax <a href="mailto:darinb@hra.carver.mn.us">darinb@hra.carver.mn.us</a>
Central Minnesota Housing Partnership 200 073 567 (EFT)	Aitkin, Benton, Carlton, Cass, Chisago, Crow Wing, Isanti, Mille Lacs, Morrison, Pine, Sherburne, Stearns, Todd, Wadena and Wright Counties except the City of St. Cloud	Deanna Hemmesch	810 West St. Germain Suite 303 St. Cloud, MN 56302	(320) 259-0393 (888) 203-9301 (320) 259-9590 fax <a href="mailto:deanna@cmhp.net">deanna@cmhp.net</a>
Detroit Lakes HRA 200 098 144 00 (EFT)	City of Detroit Lakes	Gordon Grabow	1111 Washington Ave PO Box 731 Detroit Lakes, MN 56502	(218) 847-7859 (218) 847-8432 fax <a href="mailto:nancy@lakesnet.net">nancy@lakesnet.net</a>
Douglas County HRA 020 184 007 00 (EFT)	Douglas and Pope Counties except the City of Alexandria	Luan Johnsrud	715 Elm Street Suite 1060 Alexandria, MN 56308	(320) 762-3849 (320) 762-3034 fax <a href="mailto:luan@rea-alp.com">luan@rea-alp.com</a>
Fergus Falls HRA 170 692 001 00 (EFT)	Ottertail County	Dennis Christenson	1151 Friberg Avenue Fergus Falls MN 56637	(218) 739-3249 (218) 736-4706 fax <a href="mailto:ffhra@ptel.com">ffhra@ptel.com</a>
Grant County HRA 065 224 006 01 (EFT)	Grant County	Denise Derby	PO Box 1007 10-2 <sup>nd</sup> Street NE Courthouse Elbow Lake, MN 56531	(218) 685-4494 (218) 685-4498 fax <a href="mailto:denise.derby@co.grant.mn.us">denise.derby@co.grant.mn.us</a>
Hubbard County HRA 200 063 143 (EFT)	Hubbard County	Michele Mahowald	310 East 3 <sup>rd</sup> Street Park Rapids, MN 56470	(218) 732-9118 (218) 732-2943 fax <a href="mailto:hchra@unitelc.com">hchra@unitelc.com</a>
Hutchinson HRA 014 238 014 (EFT)	City of Hutchinson	Judy Flemming	Hutchinson City Center 111 Hassan Street SE Hutchinson, MN 55350	(320) 234-4451 (320) 234-4240 fax <a href="mailto:jflemming@ci.hutchinson.mn.us">jflemming@ci.hutchinson.mn.us</a>
Mankato, City of 047 498 001 00 (EFT)	Blue Earth, Brown, Faribault, LeSuer, Martin, Nicollet, Sibley, Waseca and Watonwan	Molly Westman	10 Civic Center Plaza PO Box 3368 Mankato, MN 56002	(507) 387-8628 (507) 388-7530 fax <a href="mailto:mwestman@city.mankato.mn.us">mwestman@city.mankato.mn.us</a>
Moorhead, City of 036 809 001 00 (EFT)	City of Moorhead	Loretta Szweduk Lisa J. Vatnsdal	500 Center Avenue PO Box 779 Moorhead, MN 56561	(218) 299-5372 (877) 833-6667 (218) 299-5339 fax <a href="mailto:loretta.szweduk@ci.moorhead.mn.us">loretta.szweduk@ci.moorhead.mn.us</a> <a href="mailto:lisa.vatnsdal@ci.moorhead.mn.us">lisa.vatnsdal@ci.moorhead.mn.us</a>
Northwest Minnesota Multi-County HRA 065 252 008 (EFT)	Beltrami, Clearwater, Kittson, Lake of the Woods, Marshall, Norman Pennington, Polk, Red Lake, and Roseau Counties	John Scheving	PO Box 128 Mentor, MN 56736	(218) 637-2431 (218) 637-2433 fax <a href="mailto:john@nwmnhra.org">john@nwmnhra.org</a>

HOME Rental Rehabilitation Program Participating Administrators

Administrator	Territory	Contact	Address	Phone & Fax No.(s)
Olmsted County HRA 034 113 001 (EFT)	Olmsted County	Rob Mathias	2122 Campus Drive SE Rochester, MN 55904	(507) 281-7388 (507) 287-2275 fax <a href="mailto:mathias.robert@co.olmsted.mn.us">mathias.robert@co.olmsted.mn.us</a>
Red Wing HRA 200 304 660 01 (EFT)	City of Red Wing	Amy Earney	428 West 5 <sup>th</sup> Street Red Wing, MN 55066	(651) 388-7571 X120 (651) 385-0551 fax <a href="mailto:amy.earney@ci.red-wing.mn.us">amy.earney@ci.red-wing.mn.us</a>
St. Cloud HRA 100 104 000 02 (EFT)	City of St. Cloud	Mike Haehn	1225 West St. Germain St. Cloud, MN 56301	(320) 252-0880 (320) 252-0889 fax <a href="mailto:mhaehn@stcloudhra.com">mhaehn@stcloudhra.com</a>
SEMCAC 131 680 001 (EFT)	Cities of Austin and Albert Lea Dodge, Fillmore, Freeborn, Houston, Mower and Steele Counties	Cindy Vitse	Tew Memorial Building 204 South Elm PO Box 549 Rushford, MN 55971	(507) 864-7741 (507) 864-2440 fax <a href="mailto:cindy.vitse@semcac.org">cindy.vitse@semcac.org</a>
Southeastern MN Multi-County HRA (SEMMCHRA) 104 573 003 (EFT)	Wabasha and Goodhue Counties (except the City of Red Wing), and Winona County (except the City of Winona)	Jack Noll	134 East 2 <sup>nd</sup> Street Wabasha, MN 55981	(651) 565-2638 (651) 565-3836 fax <a href="mailto:jackhra@wabasha.net">jackhra@wabasha.net</a>
Southwest Minnesota Housing Partnership 105 175 008	Cities of Milan and Montevideo, Cottonwood, Jackson, Lac Qui Parle, Lincoln, Lyon, Nobles, Pipestone, Redwood, Rock and Yellow Medicine Counties	Kristie Blankenship	2401 Broadway Ave Suite 4, PO Box 265 Slayton, MN 56172	(507) 836-8547 (507) 836-8866 fax <a href="mailto:kristieb@swmhp.org">kristieb@swmhp.org</a>
Stevens County HRA 200 314 601 (EFT)	Stevens County	LeAnn Love	5 <sup>th</sup> and Colorado Courthouse PO Box 530 Morris, MN 56267	(320) 589-7416 (320) 589-2036 fax <a href="mailto:leannlove@co.stevens.mn.us">leannlove@co.stevens.mn.us</a>
Swift County HRA 070 715 010 (EFT)	Swift County	Vicki Syverson	Courthouse 301 14 <sup>th</sup> Street North PO Box 286 Benson, MN 56215	(320) 843-4676 (320) 843-4850 fax <a href="mailto:v.syverson@co.swift.mn.us">v.syverson@co.swift.mn.us</a>
Wadena HRA 012 645 006 00 (EFT)	Wadena County	Theresa Stewart	222 SE Second Street Wadena, MN 56482	(218) 631-7723 X5 (218) 631-7709 fax <a href="mailto:theresa@wadenahra.com">theresa@wadenahra.com</a>
West Central MN Housing Partnership 057 369 015 (EFT)	Traverse, Wilkin and Clay, except the City of Moorhead	Lynn Stadum	1500 North Union Avenue Memorial Building - 3D Fergus Falls, MN 56537	(218) 998-6322 (218) 998-0603 fax <a href="mailto:wcmhp@prtcl.com">wcmhp@prtcl.com</a>
Willmar HRA 172 248 001 (EFT)	Kandiyohi County	Julie Monson	2200 23 <sup>rd</sup> Street NE Suite 2090 Willmar, MN 56201	(320) 235-8637 (320) 235-7831 fax <a href="mailto:dgaffaney@willmar.com">dgaffaney@willmar.com</a>
Winona HRA 188 189 001 (EFT)	City of Winona	Wayne Stenberg	1756 Kramer Drive Suite 100 Winona, MN 55987	(507) 454-3665 (507) 454-8173 fax <a href="mailto:wstenberg@whra.hbci.com">wstenberg@whra.hbci.com</a>

Name of HOPWA Grantee: State of Minnesota

Report covers the period: 10/01/2003 to 09/30/2004

**Performance Chart 1 -- Actual Performance. Types of Housing Units Dedicated to Persons with HIV/AIDS which were Supported during the Operating Year**

Type of Unit:	Number of units with HOPWA funds	Amount of HOPWA funds	Number of units with Grantee and other funds	Amount of Grantee and other funds	Deduction for units reported in more than one column	TOTAL by type of unit
1. Rental Assistance						
2. Short-term/emergency housing payments	142	\$119,273				
3-a. Units in facilities supported with operating costs						
3-b. Units in facilities that were developed with capital costs and opened and served clients						
3-c. Units in facilities being developed with capital costs but not yet opened						
<b>Subtotal</b>	142	\$119,273				
Deduction for units reported in more than one category						
<b>TOTAL</b>	142	119,273				

Name of HOPWA Grantee: State of Minnesota

Report covers the period: 10/01/2003 to 09/30/2004

**Performance Chart 2 -- Comparison to Planned Actions, as approved in the Action Plan/Consolidated Plan for this Operating Year (Estimated Numbers of Units)**

Type of Unit:	Estimated Number of Units by type in the approved Consolidated Plan/Action Plan for this operating year	Comment, on comparison with actual accomplishments (or attach)
1. Rental Assistance		
2. Short-term or emergency housing payments	60	
3-a. Units in facilities supported with operating costs		
3-b. Units in facilities that were developed with capital costs and opened and served clients		
3-c. Units in facilities being developed with capital costs but not yet opened		
<b>Subtotal</b>	60	
Deduction for units reported in more than one category		
<b>TOTAL</b>	60	

## **Minnesota Statewide Analysis of Impediments to Fair Housing Choice (AI)- FY2004 SUMMARY AND ANALYSIS**

Federal regulations require annual reporting, in a summary and analysis format, of actions taken to remedy to the impediments identified in the Analysis of Impediments to Fair Housing Choice document. A complete step-by-step update of the AI will be available on the MHFA web site, at [http://www.mhfa.state.mn.us/about/about\\_fairhousing.htm](http://www.mhfa.state.mn.us/about/about_fairhousing.htm)

**The Department of Employment and Economic Development (DEED), the Department of Human Services (DHS), and the Minnesota Housing Finance Agency (MHFA) work steadfastly and affirmatively to further fair housing. These agencies are committed to serving Minnesotans in need, including those who traditionally may have been underserved by existing resources, people who may be least likely to have access to affordable housing.**

This summary and analysis highlights the progress made by these three state agencies on the action steps identified in the Minnesota Statewide Analysis of Impediments to Fair Housing Choice

### ***Homeownership***

Homeownership is an important means of accumulating wealth and strengthening families and communities; however, data show a significant gap in homeownership rates between households of color and non-Hispanic Caucasians, both nationally and in Minnesota. A variety of different local efforts exist, such as community lending programs; however, there has been no broad, coordinated effort to address this situation. In June of 2004, Governor Pawlenty announced the creation of a statewide initiative to increase homeownership among households of color, the Emerging Markets Homeownership Initiative. This is a collaboration of representatives from approximately 50 public and private groups including financial institutions, the housing industry, communities of color, and government. Participants, convened by FNMA, the Federal Reserve Bank of Minneapolis, and the MHFA, are working to develop a business plan to increase homeownership rates among emerging markets, which they will present to the governor in the spring of 2005. Additional information is available through the MHFA or at this website:

<http://www.mhfa.state.mn.us/homes/EMHI.htm>

These state agencies continue to provide incentives to real estate partners through events such as the MHFA annual Lenders' Awards, recognizing lenders for their outstanding successes in working with borrowers from underserved communities. They work on alleviating language, cultural, and religious barriers through homebuyer information provided in different languages and formats, including Hmong and Spanish (see the MHFA's fair housing website). Education, counseling, and training initiatives target traditionally underserved communities and communities most easily victimized by predatory lending practices.



Mortgage brokers represent a significant and growing category of first mortgage originators and point of access to mortgage financing for underserved populations. MHFA launched a mortgage broker demonstration to allow mortgage brokers to originate mortgage loans under MHFA's mortgage revenue bond programs.

MHFA's Board of Directors approved a loan of \$2 million to Habitat for Humanity to support their *1000 New Homes Campaign*. This loan commitment is the first phase of \$10 million in total loans over the next 5 years. MHFA has supported Habitat for Humanity homeownership efforts since 1991. Habitat targets homebuyers whose income does not exceed 50% of the HUD established median income. A large portion of the households served by Habitat are households of color and single parent households.

The agencies have continued to promote and support initiatives that will increase affordable homeownership opportunities, as evidenced by:

- Participating in the Emerging Markets Homeownership Initiative.
- Continuing to work through nontraditional lenders and using a table-funding model to allow the transfer of home mortgage loan funds, before closing, to reduce loan delivery time.
- Participating in "Don't Borrow Trouble," which provides education for homebuyers and homeowners, as well as consumer guidance to avoid predatory lending.
- Implementing the American Dream Homeownership Initiative.

### ***Multifamily Rental Housing***

The state agencies strive to use resources most effectively to produce new units of affordable rental housing and to preserve the ongoing affordability of existing subsidized units.

**As part of the Request for Proposal process, agencies make clear to applicants the necessity of adhering to fair housing standards. Proposals that focus on assisting underserved communities are prioritized during application review, and many programs encourage or require the leveraging of other public and private resources to maximize the effect of state funds being invested in affordable housing.**

**The 2002 Housing Tax Credit Survey indicated an underutilization of accessible Housing Tax Credit units by households with a mobility impaired member; subsequently, the MHFA undertook several activities to address that issue including: understanding accessible housing marketing challenges through consultation with constituent groups, providing more information and support to property owners, and financially supporting the metropolitan regional fair housing initiative on improving accessible housing marketing, e.g., through Housing Link.**

Following construction or rehabilitation in all MHFA multifamily programs, the MHFA requires Affirmative Fair Housing Marketing Plans (AFHMPs), which outline the demographic statistics in the area in which the housing development is located. The MHFA has streamlined its AFHMP monitoring with regards to major MHFA Multifamily Division programs, achieving greater consistency in policies and

procedures. The MHFA reports a higher participation rate of female-headed families and households of color than the proportion of those groups in the general population. This is true particularly in multifamily housing in the Minneapolis / Saint Paul area. (Specific data are not yet available on housing for 2004, the fiscal year having just ended.)

The MHFA is a member of the Fair Housing Implementation Council (FHIC), a metrowide fair housing group, which funded the HousingLink to develop better information about the availability of subsidized, accessible rental housing, including specific attributes of the accessible housing. The FHIC also funded a study of tenant screening practices in the state that was completed in late summer 2004. Discussions are underway about how to utilize the information reported in the study.

MHFA extended funding for a 2-year old pilot project to find and stabilize high-risk tenants in affordable housing. The project provides training to renters who cannot find housing due to poor rental histories and establishes relationships with landlord willing to rent to graduates of the training program. Preliminary evaluations of the pilot project indicate positive outcomes for graduates of the training and for participating landlords.

### ***Homelessness***

Due to the disproportionate representation of members from underserved communities in the homeless population, homeless issues often concern underserved communities. In 2004, following extensive research and discussion, the Working Group on Long-Term Homelessness announced a \$540 million business plan to end long-term homelessness in Minnesota by 2010. Staff from DEED, DHS, and MHFA participated in that working group, which is now working to implement recommendations. The MHFA has committed \$10 million of its resources for the 2004/2005 biennium to providing deferred loans, operating grants, and rental assistance to sponsors of permanent housing for people experiencing long-term homelessness.

The MHFA has also targeting other of its resources to implement the Long-Term Homeless business plan, such as authorizing up to 25% of its tax credit allocations to projects with a long-term homeless selection priority.

The Minnesota Department of Human Services, through the Office of Economic Opportunity, has incorporated into its review process, a point system that rewards transitional housing funding applicants for recruiting the hardest to serve populations, including persons in shelters.

Finally, the agencies have been intensively involved in the HMIS data collection and reporting state system creation, which, when fully implemented, will assist in tracking fair housing-related data among other factors.

### ***Current Issues***

Federal cuts in the Section 8 Voucher program have had great impact throughout the nation, reducing the number of vouchers available, as well as the amount of rental assistance available to bridge affordability gaps in the private rental market. This is

impacting project-based Section 8 as well, as there is no longer a supply of Section 8 vouchers that can readily be allocated to project-based proposals. Fair housing advocates have raised concerns that households will be limited to housing in lower income areas where rents are more affordable, effectively undermining mobility (the original purpose of vouchers) enabling households to integrate in higher income neighborhoods. MHFA is working with local housing authorities to assess the impact of HUD's actions and proposals and to take appropriate actions. Governor Pawlenty sent a letter to the Secretary of HUD requesting revisions to HUD's proposals for the Section 8 voucher program. MHFA continues to advocate with the Minnesota Congressional delegation and others for adequate funding of the Section 8 program.

The map displays the following counties and regions:

- Region 1 (NWMIH):** Kittson, Roseau, Marshall.
- Region 2 (NEMIH):** Lake of the Wood, Beltrami, Koochiching.
- Region 3 (WEMIH):** Cook, Lake, St. Louis, Carlton.
- Region 4 (CMIF):** Pennington, Red Lake, Polk, Norman, Mahanomen, Hubbard, Becker, Clay, Ottertail, Wadena, Cass, Crow Wing, Aitkin, Pine, Isanti, Anoka, Hennepin, Ramsey, Washington, Dakota, Scott, Carver, Meeker, Wright, Kandiyohi, Swift, Chippewa, Lac Qui Parle, Yellow Medicine, Lincoln, Lyon, Redwood, Pipestone, Murray, Cottonwood, Wabasha, Winona, Houston, Fillmore, Mower, Steele, Dodge, Olmsted, Goodhue, Rice, LeSueur, Brown, Nicollet, Sibley, McLeod, Benneville, Grant, Douglas, Todd, Morrison, Benson, Sherburne, Traverse, Big Stone, Stearns, Pope, Stevens.
- Region 5 (WCMIF):** Itasca, St. Louis, Carlton.
- Region 6E (SWMIF):** Swift, Chippewa, Kandiyohi, Meeker, Wright, Kandiyohi, Swift, Chippewa, Lac Qui Parle, Yellow Medicine, Lincoln, Lyon, Redwood, Pipestone, Murray, Cottonwood, Wabasha, Winona, Houston, Fillmore, Mower, Steele, Dodge, Olmsted, Goodhue, Rice, LeSueur, Brown, Nicollet, Sibley, McLeod, Benneville, Grant, Douglas, Todd, Morrison, Benson, Sherburne, Traverse, Big Stone, Stearns, Pope, Stevens.
- Region 6W (SWMIF):** Swift, Chippewa, Kandiyohi, Meeker, Wright, Kandiyohi, Swift, Chippewa, Lac Qui Parle, Yellow Medicine, Lincoln, Lyon, Redwood, Pipestone, Murray, Cottonwood, Wabasha, Winona, Houston, Fillmore, Mower, Steele, Dodge, Olmsted, Goodhue, Rice, LeSueur, Brown, Nicollet, Sibley, McLeod, Benneville, Grant, Douglas, Todd, Morrison, Benson, Sherburne, Traverse, Big Stone, Stearns, Pope, Stevens.
- Region 7E (SWMIF):** Pine, Isanti, Anoka, Hennepin, Ramsey, Washington, Dakota, Scott, Carver, Meeker, Wright, Kandiyohi, Swift, Chippewa, Lac Qui Parle, Yellow Medicine, Lincoln, Lyon, Redwood, Pipestone, Murray, Cottonwood, Wabasha, Winona, Houston, Fillmore, Mower, Steele, Dodge, Olmsted, Goodhue, Rice, LeSueur, Brown, Nicollet, Sibley, McLeod, Benneville, Grant, Douglas, Todd, Morrison, Benson, Sherburne, Traverse, Big Stone, Stearns, Pope, Stevens.
- Region 7W (SWMIF):** Pine, Isanti, Anoka, Hennepin, Ramsey, Washington, Dakota, Scott, Carver, Meeker, Wright, Kandiyohi, Swift, Chippewa, Lac Qui Parle, Yellow Medicine, Lincoln, Lyon, Redwood, Pipestone, Murray, Cottonwood, Wabasha, Winona, Houston, Fillmore, Mower, Steele, Dodge, Olmsted, Goodhue, Rice, LeSueur, Brown, Nicollet, Sibley, McLeod, Benneville, Grant, Douglas, Todd, Morrison, Benson, Sherburne, Traverse, Big Stone, Stearns, Pope, Stevens.
- Region 8 (SWMIF):** Lincoln, Lyon, Redwood, Pipestone, Murray, Cottonwood, Wabasha, Winona, Houston, Fillmore, Mower, Steele, Dodge, Olmsted, Goodhue, Rice, LeSueur, Brown, Nicollet, Sibley, McLeod, Benneville, Grant, Douglas, Todd, Morrison, Benson, Sherburne, Traverse, Big Stone, Stearns, Pope, Stevens.
- Region 9 (SWMIF):** Lincoln, Lyon, Redwood, Pipestone, Murray, Cottonwood, Wabasha, Winona, Houston, Fillmore, Mower, Steele, Dodge, Olmsted, Goodhue, Rice, LeSueur, Brown, Nicollet, Sibley, McLeod, Benneville, Grant, Douglas, Todd, Morrison, Benson, Sherburne, Traverse, Big Stone, Stearns, Pope, Stevens.
- Region 10 (SWMIF):** Lincoln, Lyon, Redwood, Pipestone, Murray, Cottonwood, Wabasha, Winona, Houston, Fillmore, Mower, Steele, Dodge, Olmsted, Goodhue, Rice, LeSueur, Brown, Nicollet, Sibley, McLeod, Benneville, Grant, Douglas, Todd, Morrison, Benson, Sherburne, Traverse, Big Stone, Stearns, Pope, Stevens.
- Region 11 (MHIG):** Hennepin, Ramsey, Washington, Dakota, Scott, Carver, Meeker, Wright, Kandiyohi, Swift, Chippewa, Lac Qui Parle, Yellow Medicine, Lincoln, Lyon, Redwood, Pipestone, Murray, Cottonwood, Wabasha, Winona, Houston, Fillmore, Mower, Steele, Dodge, Olmsted, Goodhue, Rice, LeSueur, Brown, Nicollet, Sibley, McLeod, Benneville, Grant, Douglas, Todd, Morrison, Benson, Sherburne, Traverse, Big Stone, Stearns, Pope, Stevens.

**The Economic Development regions are numbered 1 – 11.**